INDUSTRY AND HUMANITY



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INDUSTRY AND HUMANITY

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A STUDY IN THE PRINCIPLES UNDERLYING INDUSTRIAL RECONSTRUCTION

BY

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TO THE MEMORY
OF
MY FATHER AND MY MOTHER

"Science will have tried, by obeying the law of Humanity, to extend the frontiers of Life."

LOUIS PASTEUR

PREFATORY NOTE

I AM indebted to the Rockefeller Foundation for the opportunity which has made possible the writing of this book. When I was invited by the Foundation, in June, 1914, to undertake a study of industrial relations, it was expected that I would visit different countries, make first-hand investigations, and, as a result of these inquiries, offer constructive suggestions concerning industrial and social policies. The War not only prevented me from making studies abroad, but so completely changed the industrial situation in all countries that I was compelled to modify my plans considerably.

Hopeful of being constructively helpful, notwithstanding changed conditions, I decided to make a personal investigation into the root causes of some of the existing industrial controversies in America, and to contribute, by suggestion or otherwise, as opportunity offered, to working out improvements in the relations between Capital and Labor. I also decided to prepare, on the basis of my own experience and the literature available, a statement of underlying principles which are finding expression in the organization of industrial society, and which should obtain in all efforts at

reconstruction. This volume marks the completion of that endeavor.

The War has done more than change the present. It has forced the consideration of the future on a scale never before attempted. The countries of Europe are already formulating comprehensive programmes of national reconstruction which include industry, housing, health, and education. The Governments of the different countries, including the United States, have constituted Commissions and Departments on reconstruction. In these circumstances, the Rockefeller Foundation deemed it fitting, at the commencement of the present year, to discontinue studies of industrial relations, and to devote itself primarily to the programme of medical education, public health demonstration, and war work co-operation to which it has become increasingly committed.

The Foundation has granted me permission to publish, as my own property, any part of the result of the study of industrial relations. The present volume is therefore published as a personal contribution to this important subject. The Foundation is in no way to be identified with views or opinions expressed. Responsibility must be wholly mine. I trust that some of the ideas may be of service in the task of industrial reconstruction with which the world is confronted. Where deductions or opinions are erroneous, or inapplicable to exist-

ing conditions, their limitations are pretty certain to be exposed under public criticism. The truth may be expected, of itself, to defend itself. *Magna vis veritatis quae facile se per se ipsa defendat.*

I should like to record my grateful appreciation of the opportunity of study afforded me by the Rockefeller Foundation, and my acknowledgment of unfailing consideration on the part of all its officers and members. I wish it were possible to acknowledge what I owe to sources drawn upon in the course of my study. I have sought to indicate this obligation by references which appear in the text itself or in the several footnotes. In a few instances, I have not hesitated to make use of language more exact and expressive than any at my command. All such occasions will, I think, be apparent. I should, perhaps, make special mention of the *Memorandum on the Industrial Situation After the War* by the Garton Foundation, of London, England. The researches of members of the Garton Foundation paralleled in a way my own. Their conclusions and mine were similar in so many particulars that in the revision of my manuscript I found it impossible not to adopt some of the more adequate and definitive expressions contained in the Memorandum. Mr. F. A. McGregor, B.A., has assisted me throughout in the work of investigation. He has also been most helpful in the preparation of this volume for publication.

I must ask my readers to concede to the publishers whatever measure of thanks or censure is to be incurred because of references to personal incidents which the book contains. It was written without more than a single personal mention. I was told that illustration from personal experiences gained from a contact with labor problems more or less intimate over twenty years, might help to disclose the importance of some of the principles set forth, and thereby add to the authority and usefulness of the book. If there has been error of judgment in yielding to a temptation which hitherto I have sought to avoid, I trust it will be believed that the error would not have been committed but for a desire to emphasize some truths of which I have personal knowledge. In days when the lives of men are being sacrificed in the cause of the world's freedom, I have felt that the danger of being misunderstood should not be allowed to stand in the way of any contribution it may be possible to make to the removal of human injustice. One of the aims of the book is to show that the War, in the last analysis, is but the expression upon a world scale of conflicting forces also at work in the relations of Industry.

W. L. Mackenzie King

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INTRODUCTION

THE existing attitude of Capital and Labor toward each other is too largely one of mistrust born of Fear. That was the position of the nations of Europe before the War. If Industry is to serve Humanity, this attitude must be changed to one of trust inspired by Faith. An industrial system characterized by antagonism, coercion, and resistance must yield to a new order based upon mutual confidence, real justice, and constructive good-will. The change will involve patience, but nothing short of it will solve the problems to which Industry gives rise.

Christianity differs from Heathenism in that its attitude is founded upon Faith, not upon Fear. Despite contrary appearances, the transition from Fear to Faith is being wrought out slowly in international and industrial affairs. Wherever it has progressed, an attitude of militancy has given way to one of co-operation. The transition has been accompanied by changes in outer form and organization, but the indwelling spirit has been its one sustaining reality. Where the spirit fails, the whole fabric becomes dismantled. Witness Europe to-day!

The infusion of a new spirit into Industry will

come, as a new attitude in Science and Religion came, only through a belief in some order with which all things should accord, and through the application of principles founded on this belief. As respects the phenomena of Industry, the perception of such an order demands, above all else, fine discernment between *economic* and *human* values; between the ends which *Wealth* and the ends which *Life* were meant to serve. The unplumbed depths of contrasts so profound are to be estimated only by the unfathomable difference between *matter* and *spirit*. It is impossible to express relationships born of such distinctions in terms of either class or nationality. A material *versus* a spiritual interpretation of Life alone defines the issue.

Many-sided comprehension is essential to any intelligent understanding of industrial relationships, however circumscribed. Some conception such as underlies the words INDUSTRY AND HUMANITY is needed to afford a true perspective of the industrial problem as a whole. These words invite reflection upon the number, magnitude, and complexity of factors and forces of which account ought to be taken. They also suggest the difficulties attendant upon industrial reconstruction attempted under influences which, more than ever, are world-wide in their operation.

The infinite possibilities for good or evil which

lie in the immediate trend of industrial development, no words can adequately convey. In the community spirit and corporate consciousness which the War has helped to arouse, and the co-operation it has furthered between men and nations, there should be found the necessary impetus to a new order. If the transition the War has wrought in international relations is to be effected also in Industry, the habit of mind which resolves its problems sectionally, in terms of class, or even of country, must be abandoned, and its place taken by a world outlook. For their ultimate solution, international and industrial problems, alike, await the inspiration of an universally accepted faith in human brotherhood.

Much of the progress of civilized countries lies prostrate to-day under the iron heel of Militarism. Through the establishment of right relations in Industry, Labor and Capital have it in their power to end competitive arming between nations, and to secure to the world immunity from further wars. They have the even greater opportunity of releasing Industry from the servitude in which it is held by war and the fear of war; and of making of forces hitherto utilized in the work of destruction, instruments for the relief of Mankind. Industry has been used to destroy Humanity. If the world is to be spared further witness of such colossal tragedy, there must be a vision of industrial relationships

broader than that which seeks the exclusive advancement of special interests. Industry must be made to serve and to save Humanity through a recognition of common interests between men of all classes and of all countries.

Already there is ample evidence that readjustment of industrial relations in accordance with right ideas may mean to many countries the difference between a better social condition and a condition of national disorder hardly less frightful than that occasioned by the War itself. If the higher civilization for which men have fought and died is to be maintained, and the vast expenditure of human and material resources is not to have been in vain, Industry must be freed of forces and influences which have proven so disastrous in Nationality. In such circumstances, the measure of individual obligation and personal responsibility is very great.

In no way is progress likely to be so appreciably affected as in the attitude of those who are responsible for the conduct of Industry, especially Employers and Leaders of Organized Labor, and persons concerned in the direction of Government. There can be no higher form of patriotism than the honorable discharge of this responsibility; no neglect more criminal than indifference to it. To adjust industrial relations with advantage to the immediate parties to Industry and to the good of

the Community, is, at the present time, as never before, a most useful and necessary form of public service. To emphasize and help to enforce the reciprocal responsibility of the Community for industrial conditions is equally important and patriotic.

It is the main purpose of this study to point the way to a change of attitude in industrial relations, and to suggest means whereby a new spirit may be made to permeate Industry through the application of principles, tried by time, and tested by experience.

In the accompanying pages, I have attempted to give glimpses of the industrial problem as a whole, and to render apparent the inseparability of Peace, Work, and Health in all that pertains to Industry. In the same connection, I have also sought to disclose the ever-present bearing of Discovery and Invention, Government, Education, and Opinion. The underlying causes of industrial unrest; the evolution of industrial phenomena; the significance and functions of the respective parties to Industry; the essential features of industrial processes: — all these are touched upon, as well as methods by which, from time to time, improvement and amelioration of existing conditions have been sought. The major portion of the treatise is devoted to the principles underlying right relations in Industry, and to a consideration of rules of conduct and

methods of organization by which fundamental principles may be practically applied.

In the desire that what is written may occasion reflection, I have purposely avoided a dry-as-dust and mechanical exposition, and have substituted therefor a method of expression and treatment which, I trust, may cause the truth to make its appeal to the imagination, as well as to the reason, of those who peruse these pages. At the same time, I have endeavored not to be indifferent to accepted methods of dispassionate research, but have sought, by orderly arrangement, critical analysis, and graphic classification, to disclose something of inter-relations and proper adjustments, and something of a unity underlying the elements of industrial life as comprehensive as they themselves are intricate and vast.

INDUSTRY AND HUMANITY

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CHAPTER I

INDUSTRIAL AND INTERNATIONAL UNREST

It was just a century ago that Mrs. Shelley wrote "Frankenstein." No subsequent novel has surpassed its conception in hideousness. A youth of fine sensibilities, conversant with the knowledge of philosophers and the discoveries of scientists, is portrayed as having created, by mechanical means, a living monster, endowed with powers which prove greater than his own. Like himself, this creature possesses, at the outset, "thoughts that are filled with the sublime and transcendent visions of the beauty and the majesty of goodness." Finding itself feared and abhorred by others, its nature changes; it feels that it could rush among mankind, and perish in the attempt to destroy. In time, demoniacal design becomes an insatiate appetite. To his horror, Frankenstein is unable to endure the aspect of the being he has created. In the agony of witnessing its first monstrous deed, he recognizes that he has turned loose into the world a depraved wretch, a man-machine, whose

delight is in carnage and misery. The murder of his brother is not alone the measure of his despair. Frankenstein is doomed to see all whom he has most loved die under the demon's grasp; to realize that its joy is to shed their blood, and to revel in their groans. He discovers he has unchained an enemy devoted to the destruction of beings who possess exquisite sensations, happiness and wisdom; and beholds man's very existence a condition precarious and full of terror.

Nor is Frankenstein's horror and grief greater than that of the monster he has created. In the tortures of remorse, this being recalls that he has murdered the lovely and the helpless; has strangled the innocent as they slept; has grasped to death the throat of one who never injured him or any other living thing; and that he has condemned his creator to misery, and pursued him to irremediable ruin. "All my speculations and hopes," he cries, "are as nothing; and like the archangel who aspired to Omnipotence, I am chained in an eternal hell!"

What is this weird tale but a parable, all too realistic, of the War that has destroyed so large a portion of mankind? Where, but in the studies of political philosophers, were conceived those ideas which have found expression in efforts at world domination? And where, but in chemical and mechanical laboratories, were invented those prod-

ucts of modern Industry which have led to the destruction of Humanity on a scale so appalling? The instruments which man has created appear to have become more powerful than human genius to control its own inventions. It will ever be so, as long as men are unwilling to recognize that the whole is greater than its parts, and that Humanity has rights superior to those of Industry or of Nationality.

To all who believe that the War happened because a certain theory of the State was held and applied by the few men who controlled policy and armaments, and because the ordinary people, whom the War has massacred and ruined by millions, had not the knowledge, nor the education of heart and mind, nor the organization, to control those men, the militarist State will appear as the monster, and its rulers as Frankenstein. The supreme tragedy is that any people should have permitted the development of a militarist system with powers beyond their control, and which in being loosed upon the world has proven the author of their own undoing, and a scourge to all mankind.

To those who think primarily of Industry in its relation to Humanity, the parable will acquire even greater significance. They will behold at what cost Industry has been directed to the transformation of the world's resources into instruments of human destruction. Who can say the extent

to which the application of scientific knowledge, and the inventions of science, have been devoted to augmenting and perfecting means of human slaughter, on land, and sea, and in the air? Who can estimate the percentage of the world's capital and labor that has been applied to forging the weapons and amassing the munitions which have made possible the awful carnage of our day? Surely, Industry is something other than was intended by those who contributed to its creation, when it can be transformed into a monster so demoniacal as to breed a terror unparalleled in human thought, and bring desolation to the very heart of the human race!

Let us turn from Fiction to Science. On the occasion of the inauguration of the Pasteur Institute in Paris, Louis Pasteur, in whose honor the Institute was founded, enlarged upon the significance of scientific research. Overcome at the reception accorded him by the scholars and statesmen of France, this great benefactor of mankind asked his son to read for him from a manuscript he had prepared. In that notable document, there appeared the following epoch-marking paragraph:

> "Two contrary laws seem to be wrestling with each other nowadays: the one, a law of blood and of death, ever imagining new means

> of destruction, and forcing nations to be constantly ready for the battlefield — the other, a law of peace, work, and health, ever evolving new means of delivering man from the scourges which beset him. The one seeks violent conquests, the other the relief of Humanity. The latter places one human life above any victory; while the former would sacrifice hundreds of thousands of lives to the ambition of one."

This was in 1888, over a quarter of a century ago! The utterance was unheeded prophecy then. In what measure that prophecy has been fulfilled, the world now discerns through its tears.

Mankind looked differently upon disease when Pasteur's work was ended. The germ theory, with its interpretation of many ills in terms of invading organisms, marked a new epoch in the history of Medicine. And so will a new era in the progress of Industry and Nationality begin, when, in all that begets strife and hatred in human relations, men come to see disorder and ferment akin to that evidenced by disease. Pasteur required the aid of the microscope to discover the devastating germs within the blood; his finely trained intelligence enabled him to perceive like factors and forces at work in the world. In the light of his preciously acquired scientific knowledge, he saw the same

conflict between individuals, and between nations, as he had found within the human organism. The *Law of Blood and of Death* was there, striving insidiously to undermine the *Law of Peace, Work, and Health!*

What of the Nations that were unwilling to heed Pasteur's warning, and waited to see how far-reaching in their operation contending forces might be! The War, with all its death and desolation, is no matter of Circumstance or Chance; no evil suddenly drawn, like an infected veil, over the face of a fair world at peace. It is the hideous manifestation of contrary laws wrestling in human society, and working the destruction of civilization from within. Europe, patient and smiling, till the fatal moment came,

> "let concealment, like a worm i' the bud,
> Feed on her damask cheek!"

If the War has revealed aught, it is that there are fundamental principles which should underlie all conduct and organization; and that such principles cannot be ignored in human relations.

Fortunately, the War has disclosed, in equal measure, man's readiness to recognize the illimitable services of Science. It has demonstrated also man's genius, even amid the wreck of nations, to preserve a guiding control, as marvellous as it has been disastrous. In this titanic struggle, where forces have contended on land, beneath and upon

the sea, and in the air, not for days, but for years, nothing has been left to Chance. Not a weapon has been forged, not a shot fired, not a command given, not a manœuvre executed, but in the mind of some one, some law of mechanical action or chemical change has been observed, and some principle of the science of military, naval, or aerial strategy obeyed.

If men of different origins have been able, with consummate skill, amidst the fury of war, to organize and direct mighty physical and intellectual forces to serve the ends of Death, are the same men not equally capable of so organizing and directing identical forces, that Life, instead of being destroyed, may be conserved; and that Life's possibilities may be realized, instead of being forever extinguished? Does Science exist only that Death may triumph? Rather, is it not the supreme aim of Science, "by obeying the law of Humanity to extend the frontiers of life"!

But for some chart and compass, presupposing an order somewhere beneath all the apparent confusion, effort at reconstruction of human relations in their international and industrial aspects might well be abandoned. In a world devoid of unity, save in the forces that bind its jarring elements together, the task of reconstruction would be so vast as to be impossible. Fortunately, the whole of History is replete with the evidences of an under-

lying order. Philosophic thought, combined with scientific discovery, is as powerful to serve beneficent as malignant ends.

There is no romance more fascinating, in the annals of industrial economy and national polity, than the well-known story of James Watt and Adam Smith. Watt, the machinist, had been refused permission by the hammersmiths of Glasgow to practise his trade in the city, because he was not a member of their privileged corporation. Smith, at the time professor of Moral Philosophy at Glasgow, gave him permission to establish a workshop within the buildings of the University. While Smith pursued his studies, and wrote "The Wealth of Nations," Watt carried on experiments which demonstrated the power of steam and led to the invention of the steam engine. The social outlook of the professor made possible the invention of the man he sought to befriend; and the invention of Watt, more than all else, made inevitable the spread of those liberal doctrines which followed the publication of "The Wealth of Nations." In the case of Adam Smith and James Watt, the study and the laboratory combined to promote ideas and agencies which have furthered a world-wide development of human intercourse; and which, as respects both Industry and the State, have helped to substitute cosmopolitan for purely national ideals.

The two are inseparable: the problem of the State, and the problem of Industry! They are but different aspects of the one world problem, the essence of which is the right relation between Industry and Humanity.

The power of Good and Evil in whatever pertains to human relations cannot be too clearly recognized; neither can the truth that such control as may be exercised concerning them dwells, not in things, but in human beings. There is nothing inherently beneficial or baneful in any factor, force, or form of organization to be found in the whole phenomena of Industry or the State. Everything depends upon whether its use is, or is not, made to accord with right ideas of social progress.

It is to man, in his relations with his fellow men, that we have to look for the accord of forces and institutions with right ideas; to man, "at once so powerful, so virtuous and magnificent, yet so vicious and base"; appearing "at one time a mere scion of the evil principle, and at another as all that can be conceived of as noble and god-like." It is this dual capacity which distinguishes man from the brute, and from God. Were man never to fall, he would be a God; were he never to aspire, he would be a brute. The genius which makes man god-like in his powers of human service enables him to become more frightful than the monsters of the brute creation. Without genius, he could be

neither. It is the control of his genius, the wisdom of its direction, that determine which of opposing ends man's actions are to serve. It is equally so with the objects and forces his genius controls.

There would appear to be no power or capacity for good without some corresponding power or capacity for evil, and *vice versa*. The larger the potential service where a force is made to operate in accord with right ideas, the greater its power of injury where there is not this accord. Electricity uncontrolled or miscontrolled may destroy a community; properly controlled and directed, it may transform cities and towns with heat and light, rapid means of transit and communication, and a thousand and one useful and ornamental devices. The purpose and the effectiveness of the control are everything. That is why, in Industry and Politics, with human nature what it is, control should be shared in by all the interests involved; why it should be broadly representative, and not narrowly autocratic.

There is nothing mysterious about the fundamental cause of war. In the last analysis, it is not class, nor race, nor nationality: — these may hinder, as well as foster war. Neither is it adverse events, nor even bad conditions: — they are only signs and symptoms. It is what William James calls "a certain blindness in human beings," the

blindness with which we all are afflicted in regard to the feelings of creatures and peoples different from ourselves.

So clear and all important is the late Professor James's exposition, that I hasten to quote a significant passage or two from his essay on this subject. "We are," he writes, "practical beings, each of us with limited functions and duties to perform. Each is bound to feel intensely the importance of his own duties and the significance of the situations that call them forth. But this feeling is in each of us a vital secret, for sympathy with which we vainly look to others. The others are too much absorbed in their own vital secrets to take an interest in ours. Hence the stupidity and injustice of our opinions, so far as they deal with the significance of alien lives. Hence the falsity of our judgments, so far as they presume to decide in an absolute way on the value of other persons' conditions or ideals."[1]

Described in so simple a way, this *blindness* seems a very obvious and little thing. Yet the forgetting of it lies at the root of all our intolerance, social, religious, and political. In the final summing up of things, it is responsible for all unrest; for all conflict of nations as well as of men.

Self-conceit and selfishness make *human blindness* greater than it ordinarily is; environment

[1] *Talks to Teachers on Psychology: and to Students on Some of Life's Ideals*, p. 231. New York, Henry Holt & Co., 1915.

sometimes aggravates it; ambition always intensifies it. Thus it comes about, in the course of every day's affairs, that some men become hardened, arrogant, and despotic; the significance of other lives ceases to have a meaning for them. All human life may lose its value through the lust after power. Men of the type described come in time to ignore every principle of just and humane relations. It matters not whether the incentive be pride or prejudice, a mistaken zeal or a vile hate — to such men, once powerful enough, class, and race, and nationality become but instruments for the outworking of fanatical or devilish wills. In some abstract theory which furthers their own greed or ambition, they find grounds for the elimination of all human considerations. The purer the instincts, the nobler the purposes of other lives, the more they prey upon these virtues to selfish ends. To other men and to other nations, they attribute their own desires and rapacity. And so, ever imagining new means of destruction, they force nations to be constantly ready for the battlefield; and once entering upon violent conquest, compel those who would rid mankind of the scourges that beset it, to rise, regardless of sacrifice, and defend *the Law of Peace, Work, and Health* against the *Law of Blood and of Death.*

With industrial strife it is just as with international conflict. Speaking of the Labor Question,

Professor James says: "One half of our fellow-countrymen remain entirely blind to the internal significance of the lives of the other half. They miss the joys and sorrows, they fail to feel the moral virtue, and they do not guess the presence of the intellectual ideals. They are at cross-purposes all along the line, regarding each other as they might regard a set of dangerously gesticulating automata, or, if they seek to get at the inner motivation, making the most horrible mistakes."[1]

In the course of a decade, during which time I was associated with the Department of Labor of the Government of Canada, first as Deputy Minister of the Department, and subsequently as Minister, I was called upon to act as a mediator in over forty strikes important enough to warrant Government intervention. The disputes arose in different parts of the Dominion from the Atlantic to the Pacific. The industries concerned embraced agencies of transportation and communication such as railroads, ocean transport, street railways, the telegraph and telephone; coal and metalliferous mining; and manufacturing establishments of various kinds. At that time, I was brought into close touch with a much larger number of controversies. Quite often, ever since, I have been privileged to see something of important industrial dis-

[1] *Talks to Teachers on Psychology : and to Students on some of Life's Ideals*, p. 297.

putes from behind the scenes. I believe I can say that, without exception, every dispute and controversy of which I have had any intimate knowledge has owed its origin, and the difficulties pertaining to its settlement, not so much to the economic questions involved as to this "certain blindness in human beings" to matters of real significance to other lives, and an unwillingness to approach an issue with any attempt at appreciation of the fundamental sameness of feelings and aspirations in all human beings.

Men there are in the ranks of both Capital and Labor, and among the professed friends of each, who care for nothing quite as much as their own position and importance. They see naught of the natural desire of other men to govern themselves; they are ever ready to sacrifice principle, and to foster prejudice, in order to gain power, whether its expression be found in position, in the acquisition of wealth, or in a multitude's applause. Such men, in control, sooner or later bring disaster upon others; and very often upon themselves. Men have to be trained in the use of power, as they have to be trained in all else that requires skill and judgment. Nowhere is skill of a high order more required than in whatever affects the well-being and destiny of human lives.

The investor who is indifferent concerning the methods of realizing profits; the manager who

refuses to meet representatives of Labor, or who disclaims responsibility for the acts of subordinate officials; the contractor who permits sub-contractors to resort to "sweating"; and the corporation which balances dividends against life and limb — one and all are blind to the sensibilities of other lives. They permit evil forces to gather momentum, and destroy the very agencies by which alone order and progress are maintained.

Human nature does not change when men become members of boards of directors, or sit in conclaves or cabinets. An autocratic man will be a tyrant, whether he be an emperor, the manager of an industrial corporation, or the leader of a Labor organization. Unfortunately, evil forces, like beneficent ones, expand. Control becomes increasingly powerful as the area of its authority widens.

Here is the explanation of how men in large numbers, and nations as a whole, are drawn into conflict with each other, and come to hate each other, when their interests are, in reality, common rather than antagonistic. A few men gain the positions of control. They have, for the time being, immediate power over other men. They command the resources. They take the decisive action which brings conflict in its wake. The many whose wishes have never been sought, and whose voices have never been heard, find themselves

opposed by forces that demand resistance. Out of this attitude, into which, all unconsciously, whole multitudes are drawn, are bred the fears and the hatreds that solidify effort in the face of a common danger. In like manner are bred the mortal enmities which become a part of the thought of a class, a race, or a nation.[1]

No nation, and no organization, is wholly bad, any more than any individual is wholly bad. "The angels of light and darkness do not preside over different nations. They contend in each for victory." Within nations and organizations, as within the lives of individuals, Good and Evil are forever contending. In some nations, and in some organizations, as in the lives of some individuals, evil influences are permitted to gain control. In other nations and organizations, they are held in check. The horror of the situation is that, in individuals, organizations, and nations alike, the Good, itself, once contaminated, may turn to Evil. The fallen angel may become a malignant devil. Germs and vice increase in virulence in proportion to numerical support and organization. When Evil is the master, whether in the human body or in the body politic, the infection is certain to spread. It cannot be controlled till the forces that contend against it are able to hold their own.

[1] *Vide The War and the Way Out*, by G. Lowes Dickinson. The Atlantic Monthly Co., 1915. Reference to this source is hereby acknowledged.

The time may come when communities as a whole will be so sensitive to social views that it may be possible to differentiate their conflicting elements as accurately as, in the human body, scientists differentiate blood corpuscles from pathological germs. By a minute regard for actions and tendencies, it may become possible to brand those individuals who are life-destroying germs in human society. When that time comes, the corpuscles of the body politic may combine as effectively to destroy its pathological germs, as, in the human body, white corpuscles combine, and seek to destroy the germs of disease. Meanwhile, it is well to realize that, for Good to triumph in human affairs, Evil somehow must be held in check. In this conflict, there can be no such thing as neutrality. In the last analysis, each member of society, by his every act, is consciously or unconsciously augmenting one or other of the opposing forces Pasteur has revealed.

Which of the *Contrary Laws* will ultimately prevail will depend upon the outcome of their wrestling in human lives, and upon the outcome of the wrestling of individual wills one with another. Resistance to evil is strengthened by struggle. Without persistent endeavor, atrophy is certain to follow. Not to act heroically in whatever pertains to political and industrial well-being, is, by so much, to forsake the forces which seek to relieve

mankind from the scourges that beset it, and to aid the forces which seek their satisfaction in Blood and Death. It is not to a life of repose, but to one of vigorous action, that the call comes to the men and women who love Peace, Work, and Health, and who would conserve these blessings for mankind.

If, through apathy or other cause, any people permit the control of Government, or the control of forces that sway Government, in either the State or Industry, to pass into the hands of those who seek domination, and who are prepared to play upon passions, prejudices, and fears, rather than appeal to just sentiments in the breasts of men, one consequence only can result: Freedom will be instantly imperilled.

The unrelenting operation of the *Contrary Laws* discloses wherein the cause of Humanity is one. With agencies furthering destruction and seeking conquest, active or latent in the world, no nation can afford to be indifferent to its own security, or to the security of other nations that cherish ideals of freedom similar to its own. Let the forces of Blood and of Death have their way in one quarter of the globe, and the forces that make for Peace, Work, and Health are everywhere threatened.

The situation cannot be too fearlessly stated, nor its possibilities too conspicuously pointed out. After the world's tragic experience in its interna-

tional relations, countries may well pray to be spared like affliction from like cause in the domain of Industry. With any similarity between the causes underlying industrial and international strife, to fail to look squarely at every fact and possibility, is to be shamefully indifferent to the well-being of mankind. It is wise, therefore, to remember that intermittent evidences of industrial unrest are symptomatic of the workings of hidden forces, prolonged indifference to which may sooner or later provoke unparalleled disaster.

Countries cannot continue to watch antagonistic groups in Industry assume the proportions and attitudes of vast opposing armies, without some day witnessing conflict commensurable with the strength of these rival aggregations. If, to-day, nation can rise against nation, under the incitement of ambition, or fear, or cherished ideals; if, overnight, men of all classes can be led to forget differences and remember only the flag which typifies unity; with human nature what it is, is there not also the possibility that men may be equally willing to sacrifice their lives, through forgetting unity and remembering only differences, under impulses of fear, of love, and of hate, not one whit less real, and which have been cherished just as ardently, just as secretly, and just as long? In many particulars, the horrors of international war pale

before the possibilities of civil conflicts begotten of class hatreds. This, the world is witnessing, even now!

To assume that anything so appalling as widespread industrial war may not come to pass, in any country, is to be wilfully blind to present occurrences. It is to overlook the temper which the War, itself, is helping to create. It is to forget how quickly a wave of passion may sweep over an entire continent and that congestion in densely populated cities makes possible the worst atrocities of revolution. For most communities, isolation, once a factor in limiting destruction, no longer exists.

At a gathering of the Economic Club in New York City, on the 11th of December, 1916, the president of one of the Railroad Brotherhoods did not hesitate to speak, before some twelve hundred persons, of the possibility of vast industrial conflict at the present time. The circumstance that the speaker, himself, was known to be one of the truest and best of men; that the Labor Organization he represented was one of the largest, and generally conceded to be one of the most conservative in America; and the fact that the address had reference to the probable enactment of legislation proposed to Congress by the President of the United States, all indicate that the words spoken were intended as significant in a national crisis.

"Industrial war," said this Leader of Organized Labor, "is precisely of the same character as actual war. No battle has been fought in establishing the rights of mankind, either real or fancied, where the hospital has n't been filled afterwards, and the corpses left upon the field. And it is just so in industrial war. If you complain that four hundred thousand men held up the Government, what will eighty millions of them do, if they can, to hold up the Government?" Referring then to the possibility of immediate industrial war, the speaker added: "If it comes, it will come in a way that will make it overshadow all former industrial upheavals, precisely as the present war blots out of existence virtually all of the wars that preceded it."[1]

In the formation of their stupendous organizations, Labor and Capital are acting under the stress of economic pressure. Each is quite sincere in asserting that its ever-increasing power is begotten of no ill-intention toward the other, but only of a natural desire for protection of itself. This, however, does not alter the momentous fact that, listening to precisely the same professions from nations which year by year continued to perfect organization and increase potential fighting strength, the world has witnessed the most

[1] "Garretson Warns of Revolution if Military Law to Prevent Rail Strikes is passed by Congress." *The Evening Mail*, New York, December 12, 1916.

profound tragedy in the whole of human history. Can mankind be indifferent to the possibility of further sacrifice? Shall Industry, the basis of material existence, like Nationality, the largest, and, thus far, the noblest expression of social organization, be permitted a perverse development which may make of it, likewise, an all-powerful agency in human destruction?

The parallel between the enmities of rival states, fostered by and fostering fear and suspicion, and the enmities of gigantic aggregations of Capital and Labor, similarly begotten and fostered, is so plain that one wonders how it can possibly be overlooked. I know that the analogy between states and groups of individuals is not perfect. But where all the significant and essential features are identical, is there not sufficient analogy to occasion pause? How ominous, in every detail, is the parallel between international conflict and industrial conflict! There is no parallel of like import anywhere. In origin, in method of procedure, and in consequences, industrial and international strife are akin. Differences, where they occur, are in degree rather than in kind. Even the language and artifices of their diplomacies are the same!

The assassination, at Sarajevo, on June 28, 1914, of the Grand Duke Ferdinand by a youth of eighteen, became by July 23 the pretext for the ultimatum handed by the Austrian Government

to Serbia. That ultimatum marks the commencement of the War. It contained demands known to be excessive. It was designed for rejection. How many industrial conflicts have had beginnings precisely analogous! The arrogance of some "petty boss," the presence of some "walking delegate," the arbitrary dismissal of an employee, or the refusal to reinstate an officer of a Trade Union:— one or other of these, and many a lesser incident, has been made, after the lapse of weeks, a pretext for the presentation of demands never believed nor intended to admit of acceptance. As with Austria's peremptory proposal to have her judges given authority in the courts of Serbia, a demand which touched Serbia's very existence as an independent state, so in many an industrial ultimatum, requests have been made which obviously could not have been conceded without humiliating surrender.

It will be recalled how the Austrian ultimatum included a time-limit, so short (forty-eight hours) as to leave diplomacy little opportunity to avert war. So brief was the time, that all attempts by the Powers at conciliation, mediation, and arbitration were rendered nugatory. How often has this been the method of presentation of ultimatums in labor troubles! Indeed, it has not infrequently been considered the only method once a strike or lockout was decided upon. And the alleged reasons

for frustrating intervention, have they not been the same; namely, that delay would afford the other side opportunity to prepare for the fight?

As was the case with the nations in Europe, do not the parties to industrial conflicts, till the very moment of severed relations, profess a desire for peace; a wish to avoid strife; a willingness to allow friendly mediation? Does not one party, very often, concern itself solely with its own intentions, just as deliberately as Austria and as Germany did, wholly indifferent to the overtures of the other? Are not evasive replies always a part of the whole wretched business? Does not one or other of the parties, just as Germany did, so shift its position as to make all intervention impossible? Furthermore, are not the parties to industrial conflicts as indifferent to the rights of the public as belligerents sometimes are to the rights of neutrals? And does not the sympathetic strike or lockout resemble allied support between nations? Back of most of the great labor conflicts, has there not been, as respects each of the parties, just as with the participants in the present War, a belief in ability to command resources in men and money sufficient to win, no matter how prolonged the struggle? In the one case as in the other, do not a very few men have the determining voice; and does not the fate of all hang upon the ambitions, actions, and decisions of these few?

It is unnecessary to carry the parallel further. Once the struggle has begun, be the conflict international or industrial, the effort to gain victory through loss inflicted is the same. Loss may be greater in war between nations, since war means avowedly the loss of life, as well as of property; but, in each case, what fundamentally is aimed at is a loss of power, whether effected positively through active destruction, or negatively, through thwarting production. Unfortunately, it cannot be said that even this difference is always maintained. There have been industrial conflicts in which the methods of warfare employed have been identical with those in international strife. America has witnessed conflicts between Capital and Labor where strikers have been nearly as well provided with rifles and ammunition, as the State Militia that opposed them. The presence of encampments and the use of machine guns have helped to accord opposing factions an appearance differing but little from that of army detachments in times of actual war. Where in such cases life has been taken, what compensation has equalled the loss?

Legacies of hatred and ill-will, whether inherited from industrial or from international strife; distress and debt, whether incurred by the one or the other, differ in degree only, and not in kind. What of it all finally? Sooner or later, peace must be restored, for war cannot go on forever, whether it

be industrial or international. Capital and Labor, Nation and Nation, must come to terms of settlement or all alike be ruined. Ultimately, Force must give way to Reason. Common as contrasted with opposed interests must be recognized. But where has there been settlement of any great conflict which has not meant much of loss to each of the parties? And where are the gains which have come through conflict, that would not have been the greater if otherwise obtained? At what cost always is Reason denied her rightful sway!

So far have men in this age reverted to a worship of Moloch, and mistaken gods of their own making for the higher ends of existence, that sacrifice of human lives is commonly asserted to be essential to the needs of Nationality and Industry. Sacrifice of life to noble and imperative ends is, and ever will remain, an inevitable incident of Progress. There is a vast difference, however, between lives given that a principle may be maintained, and lives taken that Ambition may be fed. If Progress worthy of the name is to be achieved, it will never be through gains reaped by some at the expense of others. It will be in the sacrifice and the advance which have regard for the well-being of the whole.

For Industry and Nationality alike, the last word lies in the supremacy of Humanity. "Over all nations is Humanity." Of more worth than all

else man can achieve is the well-being of mankind. The national or industrial economy based on a lesser vision, in the final analysis, is anti-social, and lacks the essentials of indefinite expansion and durability. The failure to look beyond the State, and beyond Industry as a revenue-producing process, has brought chaos instead of order. To glorify institutions, regardless of the men, women, and children whose individual existences they were meant to serve, is to negative, not to promote progress.

The sacredness of human personality is more important than all other considerations. Without infinite regard for individual life, however obscure or deformed, expressions of social values are meaningless. Estimates of national power, pride in industrial growth, forecasts of world expansion:— any and all of these which reckon material gains apart from the human losses they involve, mistake for Life itself the coarse texture of but a part of the garment of Life.

Because the peoples of the world are affected more generally, and more continuously and intimately, by industrial relations than by international relations, it may well be that the solution of international problems will come about only with the solution of the problems of Industry. Nations have failed through conflict to widen the circle of

international good-will. In the co-operation of the parties to Industry along intelligent lines, they may yet be led to an application of principles which, governing in all human relations, will best promote the well-being of mankind.

CHAPTER II

THE WORLD ASPECT

The War, momentous in every way, has helped to demonstrate the unity underlying human relations. Its world scale but reflects the expansion in Industry and International Polity. It is essential to recognize the cosmopolitan trend in order to view the problem of Labor and Capital in true perspective. It is no longer a local problem, or even a national problem, as often assumed, but an international problem of the first magnitude. Industrial and international relations are the warp and woof of modern world intercourse. They constitute the obverse and reverse of a world problem of human relations in which political and industrial considerations are inseparably intertwined. It is the scale and intimacy of this relationship that distinguishes the Labor Problem of to-day from the problem as it has existed at any previous time.

Nor is the problem of Labor and Capital any longer one which concerns only, or even mainly, these two essential parties to production. As never before, it is a Community problem, and a Community gradually expanding to the utmost

limits of human society.[1] The expressions, "the Labor Problem," "the Problem of Capital and Labor," are wholly inadequate to suggest the comprehensive nature of considerations of which account must be taken, if the well-being of persons engaged in Industry is to be promoted with any promise of enduring results. They are equally insufficient to convey any idea of the bearing of the problems of Industry upon the whole of social life.

Industry does not affect wage-earners merely as persons possessing labor which they dispose of on a basis of time, skill, and energy. For most men and women, the conditions which surround Industry, and the output of Industry, represent all that is possible for them in the way of health, happiness, and life itself. Both as consumers and producers, they are affected by all that affects production. Their position, industrially, touches at some point, and usually more than touches, is indeed interwoven with, every relationship of their lives. It is as members of communities that the workers experience the pressure of economic

[1] Industries and countries, as regards their social problems, can no longer be studied as isolated phenomena. In a consideration of social problems the place of the Nation must be taken by some other term; one that will admit of contraction and expansion as existing circumstances demand. The term "Community" possesses merits superior in this regard to those of any other available word. It is, in fact, the only really appropriate term to employ in seeking to emphasize the area within which a people share a common interest with respect to the subject under consideration. In this sense it is employed throughout the present treatise.

conditions. As the community circle widens, the sum of influences affecting the well-being of its members is increased. As the circle of industrial relations widens, the sensitiveness of the interrelationship between Industry and the Community is correspondingly increased. As both expand beyond the radius of local and national bounds, and become increasingly cosmopolitan in character and scope, world influences hitherto unknown come into play. Whole communities and whole industries are affected, with surprising suddenness, by influences sometimes favoring, sometimes jeopardizing the employment of tens and even hundreds of thousands. Against world movements, affecting both Capital and Labor, local barriers avail not at all, and national barriers tend to avail less and less. For Capital and Labor and the Communities to which they belong, the large adjustment of industrial relations has become a world problem.

Two years before the United States entered the War, Mr. Owen Wister wrote: "To speak of the Old World and the New World is to speak in a dead language. The world is one. All humanity is in the same boat. The passengers multiply but the boat remains the same size. And people who rock the boat must be stopped by force. America can no more separate itself from the destiny of Europe than it can escape the natural laws of the

universe."[1] And so it proved, to the extent of America's participation in the War. Altered conditions in any one part of the world soon produce changes elsewhere. The expansion of Industry has rendered this inevitable.

The inseparableness of industrial and political considerations, of industrial well-being and foreign policy, is a consequence of the gradual evolution toward world expansion in Industry, and internationalism in Politics. A glance at this evolution may help to reveal the significance of changed conditions, and the necessity of meeting new conditions by new methods. So long as the Labor Problem was a local one, or even a problem involving communities of appreciable size, the attempt to solve differences by a trial of strength between the parties may have been crude, primitive and unjust, but the ill-effects and injustices of such a method were more or less confined to the immediate participants. To-day, it is not individuals or isolated localities, but very often entire countries that are affected by disputes between Capital and Labor where strikes and lockouts are the methods employed to bring about industrial adjustments.[2]

[1] *The Pentecost of Calamity.*

[2] I desire to acknowledge the free use made, in the outline of the evolution of Industry and Nationality which follows, of notes taken while at Harvard University from courses of lectures delivered during 1898–99 by Rev. William Cunningham, D.D., LL.D., Fellow

In the increased "mobility" of Capital and Labor which Discovery and Invention have effected, will be found the key to expansion and internationalism in Industry and Politics. Ancient and mediæval civilizations differ from modern in that their many activities were markedly circumscribed. Contrasted with the present, theirs was a society essentially stationary. In a thousand and one respects, whether for good or ill, variety has replaced monotony in community interests, and in the daily round of living; in industrial relations especially, there was, until comparatively recent times, a "fixity" very different from the "fluidity" of to-day. It is this transition from an unchanging social order to one permeated with constant change, a transition in industrial relations from "certainty" to "uncertainty," from "stability" to "instability," that makes the Labor Problem of to-day wholly different in kind from the comparatively simple one where the issues between employer and employee were such as arose in the immediate personal relations of master and journeyman, master and servant, or master and slave.

The change in industrial relations has paralleled a change in civic and national polity. Which has

and Lecturer of Trinity College, Cambridge, England, and of the following treatises by that distinguished author: *Outlines of English Industrial History*, New York, Macmillan Co., 1895; *Western Civilization — Modern Times*, Cambridge, The University Press, 1900; *Western Civilization — Ancient Times*, Cambridge, The University Press, 1911.

determined the other, it would be impossible to say. They are, and always have been, inextricably interwoven. Sometimes far-sighted public policy has produced a development in Industry which has left its impress on world affairs. At other times, industrial changes have shattered the restrictions of policy, and have revolutionized theory as well as conditions.

The basis of industrial organization has undergone continuous expansion. Originally, the smallest unit of society for economic purposes was the self-sufficing household. This basis has broadened through the centuries until the bounds of nationality no longer suffice to give it unity. The family, the city, and the nation has each, in the order named, been outstanding as a main type of social structure; each, at one time or another, has been the unit of industrial organization. Each remains a contributing factor to the well-being of society, but as controlling units of economic organization, the smaller entities have become more or less absorbed in the larger. The largest of all, the national, has ceased to be a final form in economic development, and is gradually being superseded by a cosmopolitan type. It is hardly to be doubted that the War will mark the transition to a conscious international polity.

In Europe it is possible to trace the expansion as it developed in the course of the centuries.

The "City State" of the Greeks is classic as the illustration of Greek civilization at its highest. The self-sufficing towns and cities, wherever they superseded the self-sufficing households, continued as the centres of social and industrial activity almost until modern times. We speak of countries and of empires, but in the ancient and mediæval world, as Dr. William Cunningham, of Cambridge, England, has pointed out, they represent, in any true sense of the word, geographical rather than political entities.[1] The unity that underlay the Roman Empire was one of law and order and military organization, and the unity that underlay mediæval Christendom was one of clerical organization and a common religious life and sentiment. It was not until the fourteenth and fifteenth centuries that the concentration of civilization in the towns and cities began to give way to the rise of nationalities, and the question of national unity came to be one of supreme importance. Not until Columbus had discovered America, and Vasco de Gama had rounded the Cape of Good Hope, did the towns and cities of Europe cease to exercise exclusive jurisdiction or to be the units of industrial and commercial organization which gave similarity in type to the mediæval and ancient worlds. The nation as the basis of economic regulation is a distinguishing feature of the modern world.

[1] *Western Civilization—Modern Times*, Introduction.

The rise and development of the large-scale organization of Industry paralleled the rise and growth in power of individual nations. The one has been inseparable from the other, and each has been linked to the progress of Trade. The discovery of America and the new route to the East Indies revealed unparalleled opportunities of increase in wealth and trade, and unthought-of possibilities of commercial intercourse and colonization.

The Era of Discovery of the world's continents, by opening up distant parts as sources of treasure and raw materials and as markets for the sale of manufactured and other products, was followed by a period of expansion in Commerce and Colonization. Commerce, from being localized and pursuing accustomed routes, expanded in all directions, and from being European only, became world-wide. By 1760 England had gained a world-wide Commerce. The reaction upon Industry was inevitable. The increase in wealth consequent upon distant trading tended to further the growth of capital and to promote national economic policies, and in turn was itself furthered by them. Distant trading stimulated the desire to manufacture on a large scale and more cheaply; and with new markets opening in every direction, and opportunities thereby afforded of working on a large scale, Industry, from being organized to serve local needs, came more and more to develop on a

capitalistic basis. Restrictions were broken down, and commercial policies changed from being concerned with home markets to having in view the development of export trade. In contemplating industrial relations, this world development of industrial organization is of the utmost significance. Any plan or policy which ignores it, omits a fundamental consideration.

Dr. Cunningham has shown how comparatively recent has been the consummation of the change from payment of dues in kind and personal service, to their payment in money, and the change from a barter to a money system in exchange.[1] He has observed that, till the substitution had come about, "capital," as we understand the term, could and did play but little part in the development of Industry. Once treasure and accumulations came to discharge the functions which savings are put to in the present day, and wealth instead of being hoarded began to be "invested," a new power arose of vast significance to Industry and International Polity alike. Capital, says Dr. Cunningham, implies the existence of a fund of money which can be utilized in any direction and transported with comparative ease from place to place. So long as a natural economy prevailed, there might be accumulations of wealth, stores of many

[1] *Western Civilization*, chap. II, "Natural and Money Economy;" *Outlines of English Industrial History*, chap. VII, "Money, Credit, and Finance."

kinds and stocks for carrying on Industry, but there was not capital or commercial credit in the modern usage of these terms. A money economy made possible the far-reaching development of the capitalistic or large-scale organization in Industry.

It was in the fourteenth and fifteenth centuries that capital began to emerge, and in the fifteenth and sixteenth that commerce came to be a recognized object not only of local but of national importance. Wherever an industry was drawn into the circle of distant trading interests, there was a tendency in favor of the introduction of the capitalistic organization. Where Industry was organized with regard to the requirements of the city market, small independent masters might hope so to regulate existing trade as each to share in rather than extend it; but once trade ceased to be local and came to have relation to other and distant markets, it was inevitable that the form of industrial organization should also change and the small masters be superseded by the capitalist employer.

Important as was the Era of Discovery upon Commerce, Industry, and National Policy, its significance in all these respects was enhanced by the age of Invention of which it was the forerunner, and to which it contributed. As an epoch of change and development, the age of Invention

was of even greater importance in the world's history than the Era of Discovery. The discoveries of the fourteenth and fifteenth centuries gave new knowledge of the surface of the globe, and its resources and possibilities. The remarkable series of inventions which came in the latter half of the eighteenth century afforded new knowledge of the physical forces of nature and their practical application. Nature and its inherent powers were brought as never before under man's control, to be made more and more the servants of his will. In the light of the new knowledge consequent upon the advance in the physical and chemical sciences, new mechanical appliances and new industrial processes were introduced, and with them new methods of organization and business administration. Industry and Society became reconstructed on a capitalistic basis.

So important and far-reaching were the changes which mechanical inventions effected, that wherever they have been generally applied, they have revolutionized Industry. Their application came first in England, during the latter half of the eighteenth century. By 1850 the new industrial forces had become generally applied. The period of transition has come to be known as that of *the Industrial Revolution.* From England, the knowledge of these inventions and their practical application has spread to other lands. Its diffusion still

continues. Gradually, it is extending throughout the globe. Wherever it has spread, so vast have been the changes in the methods of production, that they have altered the whole face of Industry, and with it the relations between its contributing parties. Here is another fundamental factor of which account must be taken in considering industrial relations. The hand of Invention cannot be stayed.

The changes which, taken collectively, have revolutionized modern Industry may be grouped broadly as changes in the mechanical arts, in industrial organization, in the division of industrial processes, and in industrial areas. The mechanical changes, which constitute changes in the mechanical arts, are by far the most important. They are, in the main, of three kinds: the use of new tools and implements, the adoption of new processes, and the application of new powers.

In the course of invention, the hand tool long preceded the machine. The hand tool augments and transfers force generated by the body; the machine harnesses the forces of nature, and makes them serviceable to the will of man. Of all natural powers, electricity is the greatest. Steam and electricity have occasioned the vast application of physical and chemical force that has made Industry what it is to-day.

The invention of the mariner's compass and the

invention of printing preceded the mechanical inventions of the eighteenth century by some four hundred years. Both were far-reaching in their effects upon Industry and Commerce. The one aided exploration, the other the diffusion of knowledge. It was not till the steam engine was invented, however, that their latent uses were afforded all but unlimited scope.

Of changes in industrial organization, the most important has been the rapid spread in many trades of the severance between Capital and Labor: the rise of a distinct employing class and a distinct laboring class working for wages. As *the Industrial Revolution* advanced, this severance extended more and more. A moment's reflection will show wherein that was inevitable.

Under the old domestic system, many a man worked in his own home with his own tools, procured the materials needed for the work, and then sold the product. But once production and manufacturing ceased to be for local markets, once the demand was no longer limited, but developed upon an ever-expanding scale, the domestic laborer, in competition with the merchant trader, found himself handicapped in two respects: first, he had not access to the new and large markets, and secondly, he could not procure materials for manufacture in anything like the quantities necessary. When, under the spell of Invention, machines, vastly out-

stripping the efficiency of tools, began to be introduced, he was more handicapped than ever. The merchant trader being possessed of capital was able to obtain materials for manufacture, and was able to obtain access to new and distant markets. He was in a position, moreover, to take advantage of and utilize the new kinds of powers, and to substitute machine for hand labor. Thus, there gradually arose a capitalistic class commanding markets, controlling the sources of production and power, and controlling labor. The domestic system in Industry gave way to the factory system, and large-scale organization; a régime of hand tools gave way to a régime of machines, and there followed the enormous growth of capitalism in Industry and the development of banking, credit, and other financial institutions as they have come to be at the present time.

The introduction of machinery and the opportunity to manufacture on a large scale made the division of industrial processes both possible and profitable. It made possible and profitable also the substitution of one class of labor for another, the substitution of labor of an inferior or less highly skilled grade for labor more or less highly skilled. As an example: under the domestic system, where spinning and weaving were carried on in the home, master, journeyman, and apprentices worked together, co-operating in the art of

spinning and weaving. With the introduction of the spinning-jenny and the power loom, and the transference of the industry from the home into factories, machines did the work which formerly required personal skill; the industrial processes became divided, and boys, or women and children, were employed to attend or "police" the machines. How far this division of industrial processes, and the division of labor within single processes, has been carried in our day surpasses the imagination; it is an all-important feature of Industry with which most persons are more or less familiar.

Division of industrial processes and division of labor increased with the wider use of hand tools; they increased many fold with the extended use of machines. As furthering an increase in output, division of processes and division of labor are highly advantageous to employers; as tending to cheapen the cost of production, they are advantageous to the public; in their effects upon Labor, they are not without grave consequences. They mean a continual displacement of one class by another, and a tendency to lessen skill by more and more reducing the services to be performed to single acts in single processes. Division of processes and division of labor ignore personality, and are "dehumanizing" to the extent to which they make Labor's part in Industry mechanical, and tend to destroy initiative and resource. On the

other hand, and this cannot be too strongly emphasized, they call into being a new kind of skill in the mechanical ability required to handle tools and control machines; and they occasion new classes of employment in the manufacture of tools and machines themselves. However, whether the change be one involving less or more skill, there is, with divisions of processes and of labor, a continual shifting of labor from one kind of employment to another, and seldom in the transition is it possible to avoid hardship and suffering. Wherever transitions and readjustments in Industry have taken place on any considerable scale, they have been accompanied by vast suffering and distress. There are few pages in history sadder than the appalling misery which in some countries has accompanied the transition from the hand system of Industry to modern methods of manufacture.

Most serious of all, perhaps, of the effects of the changes described has been that produced upon the attitude of Labor and Capital towards each other. Under the domestic system, it was possible for both Labor and Capital to recognize their common interest, and for each to comprehend the work of production more or less in its entirety, as well as the significance of particular acts in relation to individual processes. Between world expansion at the one extreme and minute subdivision of processes and employment at the other, this recog-

nition of a common aim in a common undertaking has been lost, as well as the understanding by Labor of the industrial processes of which its work is a part, and the bearing of its particular services in relation thereto. This has led to a change of attitude; to the belief in *opposed* as contrasted with *common* interests, and accounts in no small measure for the antagonism and resistance which find expression in the militant attitude of organizations of Capital and Labor toward each other.

Along with the division of industrial processes has gone the change in industrial areas consequent upon the application of new powers and the substitution of new processes. In England, the substitution of coal for wood in the smelting of iron ore, within a brief period led to a transfer of the iron industry from one part of the country to another. It deserted the forest centres for the coal areas. Once the power loom replaced the hand loom, weaving forsook the cottages in rural districts for the banks of rivers and streams. The application of steam brought about yet other distribution of the iron and textile industries. These are commonly cited examples from earlier days. The changes consequent upon the extended use of steam and electrical power are going on about us from day to day. It may be that electricity will yet effect a return of manufacturing to rural areas.

Changes in industrial areas have not been confined within the boundaries of countries. The distribution of Industry on all continents has been affected. Who can begin to estimate the changes in industrial areas, and the migrations of populations and industries due to the wide diffusion of agencies of transportation and communication, and the application of new powers! It is a transformation so vast as to defy description; so vast that it is a part of the world magic of modern times.

It is bewildering to seek to trace the evolution of the industrial world as it has come into being out of the changes in industrial and national organization of the Eras of Discovery and Invention. It is more important to appreciate the significance of the transformations they have wrought.

Discovery and Invention have minimized the effects of Space and Time as separating factors. In populations and resources, the ends of the earth have been brought together; and so advanced are the facilities for transmitting intelligence, that the diffusion of information on world affairs may outdistance the course of the sun. The development of organization of large-scale Industry has not stopped at international frontiers. It has scarcely even halted. Concerned primarily

with resources and markets, it has spread hither and thither over the surface of the globe, searching new sources of material wealth and new avenues for its distribution, as water seeks its level upon the sea. Thus have come into being the world movements in immigration, the world commerce, the world markets, the world finance; all, aspects of the world industry which is the foundation of modern cosmopolitan life. We may care for none of these developments; we may shudder at their immensity; most of all, we may dislike the vast organization of Industry they compel. But they are here. We can help in their onward evolution; but regrets concerning their existence are vain.

World industry, as it suggests itself to the imagination, resembles nothing quite so much as a kaleidoscopic or cinematographic presentation. It may be comprehended vaguely in its entirety, but it is in ceaseless motion, and is undergoing continuous change. It is the story of the world's natural resources being transformed through man's mental and physical energy into commodities and services available for human use. It is one vast process of continuous transformation, wrought out of ever-changing methods of production, distribution, and exchange, and involving interweaving of human effort on a scale increasingly vast, but also increasingly minute. Everywhere, over the whole surface of the globe, is witnessed move-

ment of human beings hither and thither pursuing activities as varied as human need; everywhere, a world-wide human intercourse rendering the whole of Industry more and more one, and, simultaneously, more and more sensitive to whatever affects any of its parts.

Not to recognize the tendency toward world expansion in Industry with its innumerable interrelations and interdependences, its countless reactions and inter-reactions, over ever-widening circles, is to be indifferent to the past and present alike. Developments in no two countries have been the same. In some countries, decades have sufficed to effect transitions which in others have taken centuries. It is not possible to say of any one country, just when the lesser circle broadened into the wider, any more than it is possible to say of any night, just when it emerged into day. Nevertheless, in the predominant and determining characteristics of all social, political, and economic institutions, there has been a gradually expanding evolution toward world relations, for which an ever-growing commercial intercourse has been in the main responsible. Modern developments in the agencies of transportation and communication, themselves a part of the large-scale organization of Industry, have hastened this evolution. They have done more than any other single factor to diffuse a knowledge of invention

through distant lands, and to subject remote continents to the transforming influences of *the Industrial Revolution.*

Wherever capital has gone, it has been a disintegrating factor. Manufacturing became divorced from its association with Agriculture, once Industry, under the factory system which capital encouraged, forsook rural cottages for the workshops and the factories of urban centres. As capital in its quest of materials and markets distributed production over the surface of the globe, industrial processes became subdivided, new industrial areas appeared, old areas vanished. In vain national policies have striven to confine Industry within national bounds. Government regulation has supplemented motives of patriotism in an endeavor to restrict foreign investments, but capital has proven as intractable as mercury, and has sought its returns in fields of promise wherever they lay. Wherever capital has gone, it has introduced something of the large-scale organization of Industry and therewith some of the cosmopolitan aspects of modern civilization. The very expressions, the "opening up" of new territories, the "exploitation" of new resources, are significant of the manner in which capital pursues its way. It refuses to be hampered by restrictions; sooner or later it circumvents or overrides every obstacle in the path of prospective reward.

It is essential, in a consideration of industrial relations, and to an understanding of the Labor Problem, that this "mobility" and "fluidity" characteristic of capital should be appreciated at its full value. The inherent ubiquity of capital sets limits to what may be possible under regulation, acquiesced in voluntarily or imposed by authority of the municipality, the state, or the nation. It reveals perils that threaten every endeavor to improve conditions. To advanced industrial communities, it suggests wherein the maintenance of acquired standards is a most important consideration. It shows why, in their efforts to attain a full citizenship, the working classes have need of enlightened action on the part of Government, and are deserving of all the assistance they can obtain from the well-wishers of mankind. With ever-increasing knowledge of world conditions, ever-expanding facilities for investment, and ever-growing keenness in industrial rivalries, to maintain and advance standards in countries which are in the van of industrial progress is one of the problems ahead. How exceedingly difficult of solution the problem has become, will be apparent once it is seen how the War has helped to reduce standards of living in countries within competing areas, and how hitherto unexplored and undeveloped areas are being continually brought within the circle of world compe-

tition. The mobility and fluidity of capital lie at the root of most of the problems of Industry.

For the workingmen of the British Isles and of the continent of America, facing, on the one side, the competition of the impoverished populations of Europe, and on the other side, the competition of the Orient, as through western capital it becomes gradually acquainted with western methods of production and manufacture, the question is a serious and imminent one. Without powerful controlling influences wisely directed, world rivalry in Industry and Trade has in it all the elements of a struggle fraught with endless misery to countless numbers of innocent people. In the absence of intelligent direction in world affairs, multitudes are destined, in the clash of competing interests, to be sacrificed to a condition scarcely less ruthless than that of war. The sufferings of the victims of economic pressure are not so dramatically displayed as are the sacrifices of men in war. They are none the less real, through being silently, slowly, and obscurely borne. The Labor Problem of the twentieth century is, indeed, the problem of Industry and Humanity. To comprehend this truth adequately is a necessary first step towards a solution.

In dealing with influences which are world-wide in scope and bearing, it is perhaps unreasonable to

expect that even an obvious trend should be apparent save to the very few whose business, or habit of thought, inclines them toward a consideration of world affairs. Arnold Toynbee once said that under the dome of St. Paul's, we are awed by the feeling of vastness, of space, because it is "the infinite made finite"; that under the canopy of heaven "the sense is lost in infinitude." This truth is as applicable to industrial relations as to art and religion. The very magnitude and sweep of operating forces causes their presence to be overlooked.

Much of the inability to interpret aright the industrial problems of our day is due to a habit of mind which inclines men to be local and sectional, and not to look beyond appearances or environment. Even in the search for underlying causes, vision is all too frequently arrested by some assertive factor which projects itself on the horizon. It is only gradually, and, thus far, but faintly, that the impotence of local influences, and the world-nature of competing forces have come to be recognized as distinguishing characteristics of modern Industry. After all, it is not strange that this should be so. The whole evolution toward world expansion in Trade, Finance, and Industry, has been gradual and unpremeditated; and, besides, it has been very recent. It is far from being complete even yet; if, indeed, it is not only just begin-

ning. Like the breaking of dawn in mountainous regions, its approach has been obscured in many a part, and retarded by many a barrier. Early morning light disperses its rays first through one valley, then through another, emerging imperceptibly in ever-widening areas. Likewise, as knowledge has become diffused, and transportation and communication have facilitated movement, as larger accumulations of capital have made fresh investments possible, and increased daring or security has fostered new ventures, Competition has scattered industrial enterprises now in this direction, now in that, and has ever combined them anew over vaster surfaces. This phenomenon of the ceaseless expansion of Competition in Industry; of discovery succeeding discovery; invention superseding invention; industrial art rivalling industrial art; — all in an endeavor to make possible greater and cheaper production, is without parallel among the many and varied activities of mankind.

Before America or Africa was discovered, or the Orient was explored, men and women employed in the hand and home industries of Europe had little occasion for thought concerning the migrations of peoples from foreign lands or the investment of capital abroad. In Industry limited by hand tools and human energy, there was no need of concern on Labor's part because of the constant reduction toward a single act in a single

process which modern invention, with its use of machinery and natural powers, its subdivision of processes, and division of labor within a single process, has made a distinctive feature of the Industry of to-day. Neither could there be the same indifference to the skill of the worker as such, as is possible where numbers may be a more important consideration than even industrial equipment.

It has been the ever-increasing mobility and fluidity of both Labor and Capital which has compelled a recognition of the world-wide nature of Competition under modern industrial development. Finding, wherever there was human life, that there also was the possibility of increased competition in the struggle for existence, Labor, through unremitting efforts to fortify itself, has become conscious of the world-wide nature of this force. Like an onward surf, the tide of human life has surged toward industrial opportunity. Labor, in its thought of self, has been compelled to see that it must have regard for Humanity as a whole.

Labor has come to recognize its interests as akin to those of Humanity, because most workmen no longer are owners of their own tools, no longer obtain employment in their own shops, no longer work upon materials which for the time being are their own, and no longer sell the products of their own labor. They find themselves, on the contrary, possessed of little save their skill and

energy; human beings who work with equipment which belongs to others, in establishments owned by others, upon materials the property of others, and who leave to others the disposition of the wealth they have helped to produce. Workingmen and women have come to realize that, in the ever-changing conditions of Industry, they exist as atoms in a human tide so vast, and subject to such ceaseless ebb and flow, that the effort to secure collective stability becomes the first requisite of existence itself.

For reasons precisely analogous, Capital also has come to seek its security in consolidation, as under the unifying influences of Discovery and Invention, the circles of industrial competition have continued to expand wider and wider. No longer do men of limited means find it possible to reap large gains in isolated ventures. For one who succeeds, a thousand fail. Demand is no longer local; supply is no longer local. Development has gone on and on from the day when locality competed with locality, and industry with industry, to the present time, when markets are world markets and continent competes with continent.

Before the advent of the telegraph and the cable, to say nothing of the time ere the locomotive supplanted the road coach, and the steamship the sailing vessel, the Stock Exchange played little or no part in international transactions. To-day it has the

important news of the world ahead of parliaments and embassies. Through the Exchange, fortunes may be won and lost on the outcome of battles, before it is known by participating regiments to which army victory or defeat has come. The interdependence of Industry between continents was apparent half a century and more ago, when factories in Lancashire closed because of conditions affecting the cotton crop in the Southern States, and drought in Egypt and India brought depression to trade in Britain. This interdependence has intensified ever since. Panic in New York or London creates financial depression throughout the world. Industrial difficulties in any one country may affect all. The War has shown us that no longer can any man live to himself alone, or any nation.

The world-wide nature of forces at work upon Capital is reflected in the world's commerce. It also, like a mighty tide sweeps now in this direction, now in that; deepening or deserting former channels; nowhere constant, everywhere seeking or forsaking anew. Capital has sought in different ways to fortify itself against the cross-currents of this ceaseless change. At first, its countless competing units struggled one against another; little by little, they began to coalesce, and the process has so continued. Industry no longer resembles the innumerable stars of the sky by night, as it once

did with its distribution of power in a multitude of hands. More and more, through its consolidations, Industry has come to bear resemblance to the earth's physical distribution. Its combinations of influence and interests are so vast that isolated enterprises are but as islands of the sea compared to continents that yield a power as one.

But while Labor and Capital have become conscious of the world-wide scope of the forces of competition to which each finds itself increasingly subjected, neither seems to have come as yet to realize the degree to which the other is being affected in a manner similar to itself. Each is still preoccupied with the gigantic proportions of its own problem. Labor appreciates the ever-increasing competition affecting itself. It has been slow to recognize the subtlety and magnitude of forces which divert capital from one industry to another, and which occasion its movement from one continent to another. Capital, likewise, has keen regard for the world influences which render necessary its constant watch for new avenues of quick and sure returns. It is ready and willing enough to secure itself in ever-growing aggregations against the hazards of smaller units. It gives little heed to the individual lives that suffer or are sacrificed by its rapid transitions; and is slow to concede to Labor, in Labor's struggle against world forces, facilities of combination like unto its own.

Appreciation by Labor of the fact that the forces of competition against which Capital has to contend operate on a world scale, and appreciation by Capital of the fact that the forces of competition against which Labor has to contend also operate on a world scale, would materially further mutual recognition of *common* as contrasted with *opposed* interests; and aid in an understanding, by each of the parties, of the difficulties with which the other is beset. Such an outlook would go a long way toward the solution of differences that arise. Like appreciation by nations of the nature and magnitude of forces of which all are obliged to take account, would tend toward wider sympathy and understanding, and clearer discernment of the common enemies of mankind. In industrial and international relations, recognition of like difficulties and uncertainties will do more than anything else to promote the spirit of co-operation and constructive good-will by which alone estrangements and antagonisms are to be overcome.

CHAPTER III

THE HUMAN ASPECT

A NEW world of Industry came into being in the epoch which witnessed the transition from the régime of hand tools to the régime of machines. Individuals and localities were lost to sight in an expansion which compelled regard for continents in the movements of labor and of capital alike. In the disappearance of the personal relationships between the parties to Industry, and in the growth of impersonal attitudes occasioned by vast and complex organization, lies the crux of the Labor Problem. Where machines and natural powers can be substituted for human beings and human energy; where the entire world presents one vast field for investment, in which, by a stroke of the pen, millions of dollars of capital may be transferred from one industry to another, and from one hemisphere to another; it is perhaps inevitable that Labor should be regarded, in the markets of the world, not as representative of individual lives, to whom all that existence holds dear is of paramount concern, but as a commodity to be valued solely on an economic basis, or, at best, as the expression of so much human effort.

It is wholly natural that men, preoccupied with

the world aspect of competition as it affects resources and markets, should overlook the far-reaching consequences of the altered relations between employer and employee. Under conditions of world competition, the problems of organization and finance are so large that those who are concerned with them necessarily hesitate to assume the obligation of giving thought also to personal contacts. The line of least resistance is to leave the frictional aspects of industrial relations to be dealt with as they arise. Where ready and frequent touch between the parties has continued, common understanding and a sense of reciprocal obligation have also continued. All expansion, however, renders more difficult and remote the continual contacts characteristic of Industry in its simpler forms. Recognition of personality, and what it involves, is none the less of first importance. A wholly new problem in the understanding and management of Labor is thus created.

Were men actuated by like motives, and did they entertain similar conceptions of human worth and destiny, the problem of industrial relations, even in its present complicated form, would be less perplexing. The world, however, is composed of all kinds and conditions of people, and it is the "all kinds and conditions" who meet in the world markets, and who are one another's rivals. The man of high ideals is confronted by the man who

laughs at ideals; the man of honor has to compete with men of low cunning; the man who would make material progress serve spiritual ends finds himself surrounded by men who would sacrifice every spiritual aspiration to material aggrandizement. This, unhappily, is not a local condition; it would appear to exist wherever men congregate.

Moreover, human nature is frail. Many begin with lofty motives, and descend to lower ones. They come to mistake the means for the end. Especially is this true of the pursuit of wealth. The high purposes it may be made to serve, and even the capacity for its enjoyment, have time and again been lost in efforts at acquisition. Man is forever erecting altars to the glory of God, and forever worshipping at them in pride of self.

The problem, too, would be freed of some of its perplexities were conditions the same within competing areas. How much easier it would be to take adequate account of human values, were employers guaranteed equal privileges and bound by identical restrictions; were there for all like accessibility to resources and markets; were intelligence and skill invariable; and were the standards of living the same throughout the world! Instead of similarity, however, there is diversity everywhere. Not only do regulations governing Industry differ as between locality and locality; but as between the laws of the several states within any

one country, there are amazing differences; and there are even wider differences between the laws of one country and those of another. Not only do standards of living differ as between peoples inhabiting the same country; there are actual differences in civilizations between competing countries. All the while the cosmopolitan trend of modern times is helping to intensify international competition.

While in China in 1909, I learned that steel ingots were being exported from the Iron and Steel Works at Woochang to the United States. Woochang is on the left bank of the Yang-tse River, opposite Hankow, and is a journey inland from Shanghai of about six hundred miles. From this port in China, the weighty cargoes were carried by sea thousands of miles around the Horn to the eastern coast of America. After the payment of customs dues, the ingots were distributed by rail to different points in Pennsylvania and New York. It was stated that, later on, some of this steel found its way to Canada. The motive of the several parties to these transactions was not philanthropic. It paid the Chinese to export, and it paid the Americans and Canadians to import, or these shipments would not have been made. Except for the handicaps of tariff and transportation, the laborers in the iron and steel industries of New York and Pennsylvania might as well have

had their Chinese brethren working in adjoining plants, with no regulations as to hours or other conditions of labor, and with standards of living the reverse of such as are maintained by legislation in advanced communities.

The coolie laborers in Woochang were receiving the equivalent of $3.20 to $4.00 a month, the labor attending furnaces the equivalent of $8.00 a month, and the skilled workmen $8.00 to $16.00 a month. Foremen received $24.00 a month. Nearly all worked twelve hours, by day, or by night, except at the weekly intervals when the shifts were made from day to night work, and from night to day work. At such times, there were continuous stretches of eighteen hours. Except for the Chinese New Year, there were no holidays. The mills were being operated 364 days in the year, and over the greater part of the plant there was no stoppage of work on Sundays. The capital invested in the industry had little or nothing to lose through demands from Labor for increases in wages or reductions in hours; or from interruptions to work through scarcity of labor or from strikes. So plentiful was labor that the Company at Woochang found it more profitable to employ coolies to work by hand than to install labor-saving devices to load and unload the ships which carried iron ore from the mines to the works. In the labor markets of America, there may have been

hundreds of laborers, possibly thousands, to draw from; in China there were millions. Moreover, Chinese women were just as proficient as men in getting coal out of the mines, and in performing other kinds of unskilled labor, and were as extensively employed. Some of the workers of both sexes were as young as from twelve to fourteen.

This picture suggests considerations serious enough with respect to foreign competition, where foreign labor is confined to its own countries. Unfortunately for domestic labor, the competition of foreign labor is not thus confined. In some of the industrial areas of America, there are communities much more suggestive of a Federation of European States than of the United States of America. There are even Asiatic communities of not inconsiderable size. These foreign colonies compete, in ways immediate or remote, with men and women born to citizenship in the Union. The legacy bequeathed through the importation of colored races from Africa and the Indies represents but one of the many competitive strata which American Labor has encountered as a consequence of policies which have ignored considerations other than economic.

It is across this universe of competing civilizations, of competing races, of competing standards; across this world arena in which men, women, and children, of all kinds of upbringing, and all degrees

of intelligence, vie with machines in carrying on the world's production, that financiers distribute accumulated wealth as it becomes available for investment. The Stock Exchange is quick to make known opportunities abroad, as well as at home. And so the circle of competition widens, and within it, from centre to circumference, persist the varying conditions, the fluctuating tendencies, the remorseless and never-ending change.

In the reign of Queen Elizabeth, an official named Gresham observed that where different metals were in circulation as coinage and some were better than others of the same nominal value, the coins made of the inferior metal tended to drive the better out of circulation. The better coins were either hoarded or melted down and sold as bullion, were used in the fine arts, or were absorbed in the foreign exchanges. In other words, what Gresham discovered was that cheaper money tends to drive out dearer; that when people begin to discriminate between two coinages, they will invariably pay out the inferior and hoard the better, thus removing the better from circulation. This phenomenon once generally observed came to be described as a "Law," and was identified with Gresham's name, since it was Gresham who was first successful in drawing public attention to it. Amongst money-changers, *Gresham's Law of the*

precious metals is better known than the Ten Commandments.

Something analogous to Gresham's Law will be found to obtain in the case of competing standards in Industry. Assuming there is indifference in the matter of choice between competing commodities or services, but that in the case of such commodities or services the labor standards involved vary, the inferior standard, if brought in this manner into competition with a higher standard, will drive it out, or drag the higher down to its level. This is effected by the opportunity of under-selling which comes where in such cases human well-being is sacrificed to material ends. The superior standard, not being recognized or demanded, is unable to hold its own, and in time disappears. This Law is just as real and relentless in its operation in Industry as *Gresham's Law of the precious metals* is with respect to money and the mechanism of exchange. Indeed, a more accurate exposition would describe both as manifestations of one and the same law, which I propose to call the *Law of Competing Standards*. I see no reason why economists should not recognize the existence of such a law, and incorporate it immediately in economic science as being quite as significant as the *Law of Supply and Demand*, the *Law of Diminishing Returns*, or any other *Law* accorded a place in its nomenclature.

The *Law of Competing Standards* is doubtless a part of the general *Law of Competition*, under which the cheaper of two commodities gains in competition a preference over the dearer. What Gresham discovered was an important sequence of the *Law of Competition* as applied to coinage; namely, the disappearance, in the course of time, of the superior metals. Observance of a like sequence in the case of standards in Industry is highly desirable. As respects labor standards, I believe that recognition of the operation of the *Law of Competing Standards* over ever-widening areas would do more than aught else to clear up the most baffling problems with which Industry is confronted, and to point the way to a solution of many situations which hitherto have seemed incapable of solution. Let me cite one or two examples from investigations with which I have had to do.

During the winter of 1896–97, while attending the Graduate School of the University of Chicago, I lived at the Hull House Social Settlement. I was preparing, at the time, a thesis upon labor organization in the United States and trade-union methods.[1] The Settlement and its surroundings and my studies brought me into touch with such concrete problems as those presented by the tendency

[1] "Trade-Union Organization in the United States," *Journal of Political Economy*, March, 1897; "The International Typographical Union," *Journal of Political Economy*, September, 1897.

of foreign populations in large cities to become grouped into "colonies" representative of different nationalities; and by the tendency of home life to be transferred from single dwellings into overcrowded tenements, allied too often, through opportunities of social intercourse, with some neighboring saloon and its light, warmth, music, and boon companions. The problem of "the sweated trades" was another of the problems confronted.

Reflecting since upon the significance of much that I saw while at Hull House, it has seemed to me that every one of the undermining processes commonly observed in the slum areas of cities is but a manifestation, in one form or another, of the workings of the *Law of Competing Standards.* Take the foreign populations: without drawing invidious distinctions, it is apparent in every city that when certain races get possession of particular localities, the other races disappear. Take the problem of housing: the tenement, brought into competition with the single dwelling, will soon supplant it. Every large industrial city has seen its streets of humble homes transformed by degrees into overcrowded tenement districts. The lower standard dwelling, once brought into effective competition with the dwelling of a superior class causes the latter to vanish. As respects tenants, if different classes are permitted to compete, the lower class once in possession eventually drives out

the higher. It is in this way that slums are created. They represent the low ebb to which communities are brought where inferior standards have been permitted to drive out the superior. The tendency that creates a slum intensifies as the conditions that occasion it develop.

Having observed these tendencies in Chicago, on my return to Canada in the summer of 1897, I wrote a series of articles for the "Mail and Empire," Toronto, on possible similar developments in Canadian cities. Among topics dealt with were, the foreign populations of Toronto, the housing of the working people, and sweating in industry. In visiting the homes of workers in the garment trades in company with a Labor friend, I came across letter carriers' uniforms being made up under contracts awarded by the Post Office Department of Canada. On questioning one of the workers as to the remuneration she was receiving for sewing machine and hand work, I found that it came to a very few cents an hour. I shall never forget the feeling of pained surprise and indignation I experienced as I learned of the extent of that woman's toil from early morning till late at night, and figured out the pittance she received. The circumstance that it was Government work, and that the contracting firm was one of high repute in the city, did not lessen the resentment I felt. As I visited other homes and shops, I found the con-

dition of this woman's employment to be in no sense isolated, but all too common.

Mr. Mulock [1] was Postmaster General at the time. He was a member of the Liberal Administration formed by Sir Wilfrid Laurier after the General Elections of 1896. He resided in Toronto, and was in the habit of coming from Ottawa to Toronto at the week-ends. Mr. Mulock and my father were friends. Both for many years had been members of the senate of the University of Toronto. I thought the conditions of which I had knowledge should be brought to the Postmaster General's attention. In the University association, there was a bond on which I felt I could rely. I decided, at all events, not to publish the article on "sweating" till the Government had had its chance.

On the ensuing Sunday afternoon, my father and I called on Mr. Mulock. It was even better than I had anticipated. The Postmaster General walked the floor like a caged lion, and wanted to know what should be done to remedy immediately such an abuse of public patronage. I suggested that conditions might be inserted in public contracts to ensure to the Labor employed a minimum wage which would be a fair compensation for the work performed; that wherever work for the Government was being executed, the premises

[1] Now Sir William Mulock, Chief Justice of the Exchequer Division of the Supreme Court of Ontario.

should be open to inspection; and that sub-contracting likely to lead to sweating on Government contracts should be prohibited. Mr. Mulock asked me to write out the conditions there and then, and to meet him the following morning at the offices of the firm holding the contract with his Department. He said he would see that matters were so altered as to give to labor conditions a place in existing and all future contracts of the Post Office Department. He was as good as his word.

A day or two later, I received from Ottawa an official communication asking if I would make a report to the Government upon the methods theretofore adopted in Canada in the carrying out of Government clothing contracts. Special mention was made of the manufacture of uniforms for Canadian Post Office officials, the Militia, and the North-West Mounted Police. Early in January, 1898, I submitted a report to the Government.[1] It revealed in no uncertain light the evils incident to unregulated Government contract work during the preceding ten years, and the need of Government intervention to prevent the continuance of like abuses in connection with future contracts.

I mention this investigation and report because of what they disclose of the operation of the *Law of Competing Standards*. The inferior standards of

[1] "Report to the Honorable the Postmaster General on the methods adopted in Canada in the carrying out of Government Clothing Contracts." King's Printer, Ottawa, 1898.

industry in one Province had been played off against the better standards in others. Within the separate Provinces, the workshop standard had been played off against the factory standard, and the home standard against the workshop standard. Machines operated by power had been played off against machines operated by the worker without mechanical aid; machine work had been played off against hand work; work by the piece, against work by the day or week; and the work of women and girls, against the work of men. Even the unpaid work of "learners" had been set over against the work of expert hands. More than that, the sub-contractors of one nationality had been placed in competition with those of another, and the bids of sub-contractors had been played off against each other. Pin-money earnings of one class of workers had been played off against the extreme necessities of other classes. With what result upon labor standards? In some instances, women and girls had been working excessive hours, under unwholesome sanitary conditions, and had been receiving for actual work performed payment at the rate of three and four cents an hour! Contractors, in one or two instances I learned of, had received profits, on the contracts the Government had awarded, as high as one hundred per cent! The lowest standard came to prevail wherever economic conditions permitted its application. The mean man was enabled to

profit because of his meanness. As inferior standards came into effective competition with superior standards, the efficient and faithful worker was reduced, little by little, to lower levels.

Incidentally, it may be of interest to mention that action subsequently taken by the Government to suppress sweating was made the occasion, in March, 1900, of the introduction by Mr. Mulock, in the House of Commons of Canada, of what is known as *The Fair Wages Resolution*, whereby all Government contracts are required to contain conditions which will prevent abuse arising from subletting, and which will secure to Labor on Government contract work the payment of such wages as are generally accepted as current in each trade for competent workmen in the district where the work is carried out. It was the adoption of this resolution as a part of Government policy that, amongst other things, led in the same year to the creation of the Department of Labor of Canada by the Laurier Administration.

The anti-Asiatic riots which occurred on the Pacific coast in 1907, first in California, and later in British Columbia, have been referred to as forebodings of "the Japanese menace" and "the yellow peril." Though the riots themselves were little more than momentary outbursts of passion, they evidenced an underlying feeling of fear and antagonism on the part of Labor in America toward

the Oriental races, a feeling which, under sufficient provocation, might engender at any time the most serious of international problems. Many circumstances combined to bring me into intimate touch with the problems arising out of the competition of Oriental Labor, and to compel a close study of fundamental considerations. After the trouble in British Columbia, I was appointed to investigate the losses sustained by the Japanese and Chinese populations in that Province.[1] Subsequently, I received a commission to inquire into the broad question of immigration to Canada from the Orient.[2] The year following I was sent to England as the representative of the Government of Canada to confer with Lord Morley, Secretary of State for India, on the subject of immigration to Canada from India, and to negotiate an understanding with the British and Indian Governments with respect thereto.[3] These missions were followed by visits to India, China, and Japan, and official conferences with the authorities in those countries on the relations of the peoples of the Orient and America. About the same time, on the invitation of Mr. Roosevelt, then President of the United States, I visited England expressly for the purpose of con-

[1] *Vide* Reports Nos. 74–f and 74–g. King's Printer, Ottawa, 1908.

[2] Report of Royal Commission. Government Printing Bureau, Ottawa, 1908.

[3] Report No. 36–a. King's Printer, Ottawa, 1908.

veying messages from the United States to Japan, through the British Foreign Minister, Sir Edward Grey, respecting the significance to America of unrestricted immigration from the Orient. The mission at the time was wholly confidential; it has since been referred to publicly by Mr. Roosevelt.

At the root of the strained situations in every one of the important transactions mentioned, lay the insidious workings of the *Law of Competing Standards*, creating unrest of the most grievous kind, and threatening the gravest sort of international complications. It was established standards that Canadian and American Labor were jealous of; — standards, bestowed in part by Nature, but won also in part through struggle and self-denial.

The problem of immigration from the Orient can be solved with satisfaction to the peoples of the Orient, as well as with justice to Labor in America, if it is dealt with as an economic problem, which it is; not as a problem of race, or color, or creed, which it is not. It is a question of competing labor standards, and its solution, alike for the Orient and America, lies, not in permitting the highest standards to be brought to the level of the lowest, but in seeking to raise the lowest to the level of the highest. In this vast undertaking, the Orient and the Occident have each much to learn from the other. The Occident may help to spread knowledge of the industrial arts and sciences, and

gain acceptance for a conception of the value of human life which will dignify labor, raise the status of women and children, put limits upon excessive toil, and awaken a wider interest in world affairs. The Orient may teach something of thrift and frugality, of the happiness which comes from plain living and high thinking, and of obligation in family and social relations.

The Japanese, once they understood our motives, showed themselves as ready to meet us half-way, as we were to go half-way to meet them. A half-way meeting was essential. Because the Chinese have been less assertive, we have presumed upon our superior position to ignore their feelings. The exclusion of any class of any friendly people by the imposition of a poll-tax, in this day of international co-operation, can only reflect upon the peoples who impose it. Let the operation of the *Law of Competing Standards* be explained sympathetically to the Chinese, as it has been to the Japanese and the Indians, and as respects emigration, they as readily will find means of accomplishing a restriction of numbers, in a manner which in no way reflects upon their race or citizenship.

I am glad to mention here a fact not hitherto made public. Before leaving for China as a member of the International Opium Commission,[1] which

[1] A phase of the problem of Oriental immigration illustrative of

met at Shanghai in 1909, I was authorized by Sir Wilfrid Laurier, then Prime Minister of Canada, to confer with the Chinese Government respecting an arrangement between China and Canada whereby immigration from China to Canada might be regulated by international agreement. At the time, Chinese immigration to Canada was being restricted, as it still is, by a revenue-producing poll-tax, which serves to sell into slavery thousands of coolie laborers, and which meets with questionable efficiency the restriction of numbers at which it is aimed. The project of finding a substitute for the obnoxious poll-tax had the hearty endorsation of the British Government, and in negotiating the terms of an agreement, for matters developed propitiously to that point, I had the counsel and support of Sir John Jordan, the British Minister in Peking. There remained little more than the formal acceptance by the Governments of the two countries of the terms of the agreement tentatively reached, when the question of Reciprocity in Trade between Canada and the United States came up as the burning ques-

one of the many bearings of the Law of Competing Standards upon national conditions and international relations, will be found in a report I prepared for the Government of Canada in 1908 on *The Need for the Suppression of the Opium Traffic in Canada* (King's Printer, Ottawa, No. 36–b, 1908). This report was followed by the enactment by Parliament, in the same year, of An Act to Prohibit the Importation, Manufacture, and Sale of Opium for Other than Medicinal Purposes (7–8 Edward VII, c. 50).

tion in Canadian Politics. It was decided by the Prime Minister to defer final action until after this question had been disposed of. The Canadian General Elections followed in September, 1911, and the Government of Sir Wilfrid Laurier was defeated on the Reciprocity issue. About the same time, the Chinese Revolution occurred, and the Government in China with which I had had negotiations disappeared with the overthrow of the Monarchy and the establishment of the Chinese Republic. It would be hard to imagine negotiations more effectually terminated! However, what the negotiations revealed of appreciation by the Chinese of the significance of the *Law of Competing Standards* as affecting international relations, and what they expressed of good-will between the British and Chinese peoples is not apt to be forgotten. Some day, like efforts will be resumed, and a happier expression given to professions of international amity and respect than that which the poll-tax suggests.

However much the tendency toward the levelling of labor standards has been hitherto restricted, from now on, under the facilities for world transportation, the activities of world finance, and the stress of the many other forms of world competition, the tendency is certain to make itself increasingly felt, not only as between state and state, and nation and nation, but also as between con-

tinent and continent. In new countries, the tendency has been obscured by the exploitation of virgin resources, and by the definite limits placed upon competition, where population is sparse at home and capital insecure abroad. In advanced communities, it has been offset by regulation, legislation, and organization aimed directly against it. Until, however, regulation in Industry becomes uniform and world-wide, until industrial standards in all countries, and among all peoples, approximate equality, inventive genius may be expected to provide capital with facilities for linking the earth's resources with the world's markets, regardless altogether of the effect upon higher standards. Once capital is secure in foreign investment, Industry may be expected to find its way more and more into those parts of the globe where mercenary rather than humane considerations are determining factors. For years before the War, much of the hand embroidery on Parisian gowns had been the work of women, not in France, but in Southern China!

The same *Law of Competing Standards* operates in international relations. Nations that are without regard for the sanctity of obligation make difficult the development of an international polity upon a basis of contract. The War is deciding whether future international relations are to be on a basis of contract to which honorable and peace-loving

nations may expect adherence, or whether civilization is to revert back to the ethics of the Stone Age, where status and not contract, Might and not Right, are determining factors. The country that adopts a militarist type of organization compels other countries to follow its example, or submit to its insults. The undermining influence of lower standards upon higher has no more conspicuous example in international affairs than the reluctant, though necessary resort to armed force by the United States in order to maintain its sovereign rights against German ruthlessness upon the high seas.

In considering standards, whether within Industry or between nations, there cannot be too clear discernment between *personnel* and *matériel;* and between what is to be regarded as a means to an end and what as an end in itself. Industry as an end in itself has regard only for material values. Industry as a means to an end is concerned with human life. As an end in itself, Industry stops short at production, and its output is estimated in material terms; as a means to an end, the purpose of Industry extends beyond production to distribution. Its value to human society can be rightly estimated only in terms of the effect of its distribution upon the well-being of mankind.

All Industry is but the transformation of sub-

stances through human effort aided by natural forces. From the earth, the air, and the water, substances are extracted and transformed through human effort into services and commodities available for human use. By exchange, involving distribution, these substances pass in their various stages of transformation from one lot of workers to another, to be possessed and used in divers ways of satisfying human desire and need.[1]

It is as a transforming process, that the path of Industry is beset with human tragedy, for it is there that too often the workers are mistaken as means to an end, instead of being regarded as ends in themselves. It may well be that the co-operation of human beings with machines in the work of production is responsible for this. As, however, production is a necessary preliminary to distribution, the methods employed, and the existing labor standards become matters of first concern. In their effect upon human well-being, standards of employment and working conditions are of even greater significance than the subsequent distribution of wealth produced. If the path of Industry as a transforming process can be made clear of injustices, the more equitable distribution of wealth will have already begun. It is in attempt-

[1] For a careful exposition of the nature of Industry, the reader is referred to a volume by Logan Grant McPherson, entitled *How the World Makes Its Living*. New York, The Century Co., 1916, reference to which in these pages is hereby acknowledged.

ing to clear the path that the trend toward world expansion in Industry presents such overwhelming difficulties. It becomes apparent at last that the well-being of the workers in one part of the world is bound up with the well-being of workers everywhere, and that the maintenance of labor standards in any one country comes, sooner or later, to depend upon their extension in some measure to all.

As sharers in the transforming process, workers in Industry are a means to an end. They differ from other means, however, in remaining also always ends in themselves. As instruments of production, machines may become of equal and even of superior value to many of the individuals who contribute effort of body or of mind to their operation. But there the comparison necessarily ceases. To estimate relative values in any comprehensive way, a standard wholly different in kind is required. The two are not the same. In the one case, it is matter or material substance that is being gauged; in the other, it is human life.

What value we will place upon individuals engaged in the processes of Industry will depend upon the estimate we put on human life. That in turn will depend on the conception we entertain of the nature of human existence and its destiny. "Spiritual perceptions precede an understanding of social and economic problems." The Christian

ideal of human existence is the highest, since it endows man not with rational qualities alone, but also with an immortal nature. It is in the image of God Himself, not after the pattern of some industrial model, that all men, from the humblest to the greatest, have been created. There can be no higher conception of the dignity of manhood, nor of the possibilities of human nature. How wide the gulf between men and machines under such a belief! How unmistakable the difference between the material wealth which Industry creates, and the spiritual ends it is intended to serve! Other views may compel a regard for human life, but none can inspire the reverence for it that the Christian conception does. Beyond all that production can do, there comes the demand for a fuller life, — a life not of greater wealth, but of larger vision; a life not of richer rewards, but of keener perceptions and of kindlier feelings; not a life of material satisfactions, but a life of purer aims and nobler realizations; and this, not only for the holders of stocks and bonds, but also for the multitudes of workers whose identities are obliterated in the industrial processes amid which their years are spent.

Standards that fail to distinguish between *personnel* and *matériel*, and that ignore the sacredness of human life, are without meaning as factors in the ultimate solution of industrial problems.

Wherever men and nations, in their industrial and international relations, have failed to realize the fundamental difference between material accumulations and the higher purposes of human existence which material things are intended to serve, sooner or later conflict has followed. No portion of Humanity, any more than the beings of which it is composed, can long endure a divided allegiance. Mankind cannot serve two masters. The human spirit will rise supreme over material considerations, or material aims will destroy the human spirit. Until one is subservient to the other, conflict will never cease. Material force may conquer material force, but where there is conflict between the material and the spiritual, because God-like in his nature, man will never rest until spirit is supreme.

If a remedy is to be found for industrial and international ills, the search must be illumined by some belief in a lofty destiny. We must start from a point of view wholly different from that in which we have been silently acquiescing. In determining our standards, emphasis must be laid, first, last, and always, not upon material, but upon human considerations. And our conception of the human must have something of the spiritual about it.

Our failure to work out a satisfactory solution of international and industrial problems is because we have mistaken completely the nature of the

substances with which we have to deal. Especially in Industry have we sought to sever the laborer and his labor; to take account of labor as a commodity, and as so much material value. We have been willing to ignore all that the recognition of personality demands. We have based our reasoning on this as a material universe, when, in fact, so far as human personality and its possibilities go, the universe is meaningless apart from the life of the spirit. We have thought of Industry as an institution of purely material significance, of Nationality simply as an abstraction; whereas the unfolding of spiritual capacities, which both should further is the only true end of Life.

Industry and Nationality exist for the sake of Humanity, not Humanity for the sake of Industry or Nationality. The production and use of material wealth, and the political organization of society, can be of enduring value to mankind only in so far as they serve to advance human well-being. This seems so obvious, one wonders it could anywhere have been overlooked. How comes it, then, that nowhere in human affairs has indifference to fundamental considerations occasioned greater injustice than in Industry?

Because Industry has become a great world affair, it is inevitable, as has already been suggested, that those who are responsible for its

management and direction should concentrate their thought primarily upon quantity of output, and accept as unavoidable, sacrifices in human well-being involved. Moreover, directors and officers of industrial corporations are usually in the position of trustees. The capital which, for the time being, they control, represents the savings of men and women, who expect returns secured by business methods and unimpaired by philanthropy.

What is business, and what philanthropy, is sometimes difficult to decide. Justice as a criterion gives way very often to prevailing practice and customary procedure. The dictum, "Business is business," is sometimes cited in support of practices which, apart from business, would be regarded as immoral. Unfortunately, what to appearances may be regarded as successful business may be, from the point of view of the well-being of society, the gravest of calamities. How often a good showing on the year's business becomes the all-important consideration! Where economies have to be effected, instead of regarding Labor as the factor in production entitled to first consideration, the short-sighted and mistaken policy not infrequently obtains of viewing Labor as of less importance than organization and equipment. Where machines become impaired, their replacement becomes a direct charge upon the cost of production. How often competition makes possible the substi-

tution of fresh workers for those whose energies have been exploited!

The science of wealth has all too readily been accepted as a science of well-being. Because Political Economy has had to do with Labor and Capital, and with the production, distribution, and exchange of wealth, it has been assumed that what Political Economy sets forth as laws or principles governing the production of wealth are necessarily laws and principles which should govern men in all the relationships arising in Industry. Political Economy, as a consequence, has come to be viewed as a heartless and dismal science. The fault is not with the science of Political Economy, but with those who have confounded its nature.

In considering Labor and Capital as factors in the production of wealth, and in taking account primarily of their economic, as distinguished from their human values, Political Economy is but confining its scope to its own province. Political Economy is not an art having as its objective the improvement of society, or the lot of the individuals of which society is composed. In combination with other sciences, it may contribute towards this end, but as a science of wealth, it is with wealth alone, its production, distribution, and exchange, that Political Economy is concerned.

The failure to remember that Political Economy is concerned with only one aspect of human rela-

tions, and that it therefore necessarily excludes many others, is responsible for much human injustice. Some of the best of men hesitate to adopt methods or permit changes dictated by humanitarian considerations, because of a more or less honest conviction that, as the methods or changes do not appear to accord with the precepts of Political Economy, they cannot be of enduring value. Such persons forget that Political Economy is not concerned with morals. So far as Political Economy bears a relation to morality, it is non-moral. As a matter of fact, being avowedly the science of wealth, Political Economy of itself affords the strongest of reasons for adopting, as respects human well-being, courses of action quite at variance with assumptions and principles which relate primarily to material considerations.

Terminology, also, is responsible for a lack of adequate appreciation of the essential importance of the human factor in Industry. Labor and Capital are abstract terms; so abstract, that they provoke indifference to the very considerations their usage should beget. To Capital, concerned primarily with production, Labor signifies an economic source to be drawn upon as opportunity and circumstances permit. It is one of the "items" in the cost of production. Only remotely does it suggest individual human lives. Identified as Capital has become with corporate entities which

have neither souls to be saved, nor bodies to be kicked, the thought that capital, with a small "c," may also be entitled to a large "C" as representative of human lives swayed by like emotions, subject to like passions, and influenced by ideals similar to those which sway and influence the rest of mankind, is a thought which seldom presents itself to Labor.

Of course, there is a profound distinction between the use of the words Capital and Labor as applied to the individuals they represent. Capital is power controlled by an individual, and power which is wholly separable from any particular being. The capitalist and his capital may be separated; not so the laborer and his labor. They are inseparable. The laborer must go where his labor is wanted. His life and person are a part of his service. The power his labor represents cannot be transferred to another. Apart from himself, it is meaningless. The power of control exerciseable through capital can be transferred. The transfer, however, cannot be effected to any except other individuals. Apart from control by some individual, capital is meaningless. This is an all-important circumstance too often overlooked. The conditions which bring capital into being, and the considerations which determine its uses, are of concern only in so far as they are affected by human motive, and as they affect human life. In this way, capital

becomes entitled to its large "C," and, apart from the human factor, has little or no significance.

The real import of the human aspect of the problems of Industry is only gradually coming to be understood. As was the case with the world aspect, Labor and Capital are as yet a long way from realizing that what is common to human nature is something which is as deserving of consideration in the other as in itself. When Labor and Capital, and, equally also, nation and nation, agree to set aside abstractions; when all learn to distinguish between wealth and well-being; when each sees the other sensitive to that to which it is most sensitive itself; when, beneath the circumstances of fortune, men look no longer to the passions that divide, but rather to the sympathy that unites, recognize the common sway of like impulses and feelings, of like endeavors and aspirations, then will the way be opened to a better appreciation by each of the many difficulties of the other, and a long stretch be taken on the road that leads to common understanding, mutual forbearance, and enduring peace.

CHAPTER IV

CONFUSION OR PROGRESS

In the ancient world, the mystery of existence found one of its many expressions in the Sphinx. In Greece, which gave to Art its finest conceptions of strength and beauty, this creature was oftenest represented by the winged body of a lion, and the head of a woman. In Egyptian antiquity, the figure was of somewhat similar shape, having the body of a lion and most generally a human head. We may be in doubt as to what these images symbolized to the Ancients; but it will do them no injustice to assume that, like ourselves, the peoples of these former civilizations recognized the godlike and the brute in man, and appreciated the power of good and evil in all human beings. It is related in Greek myth that this she-monster proposed a riddle to the Thebans and killed all who were not able to guess it; but that it was at last solved by Œdipus, whereupon the Sphinx slew herself. The modern world professes to have overthrown heathen superstition and idolatry. We may well ask ourselves whether the image of the Sphinx might not fittingly find a place at the doors of our temples of Nationality and Industry!

If through Discovery and Invention, and the

ever-expanding organization of Industry, the industrial areas of the world are to go on shifting, and existing industrial processes are to be replaced continuously by other processes and methods; if physical forces newly applied on earth, and in the air, and upon the sea, are to occasion movements of men and materials in ever-changing directions, and lead to continuous displacement of one class of labor by labor of some other class, and the dilution of labor of all classes by the utilization of new powers or machines; if a kind of Gresham's Law is ruthlessly at work insidiously dragging higher standards in Industry down to the level of lower ones; if capital is as capricious as fancy, and as sensitive as mercury; above all, if the individual worker has become a mere atom contending against titanic powers, whilst local influences avail but little against the sway of world forces, — wherein, it may well be asked, lies the hope of any solution of the problem of Labor? Is a kind of social anarchy not inevitable? Can there be any effective method of adjustment between Capital and Labor, where a conflict of interest arises, other than that of opposing Force by Force, of offsetting the power of increasing accumulations of capital, by increasing aggregations of labor equally powerful? It would seem almost as if, in industrial relations, the hopeless view might become the accepted one, just as the idea that

national well-being is inseparable from military power and domination has helped in the councils of nations to inspire rivalry in armaments — with what direful consequences the world is witnessing to-day!

Fortunately, the facts of Industry admit of conclusions quite the opposite. There is not a change in the evolution of Industry, judged by what it contains of potential service to Humanity, that has not brought possibilities of ultimate social good far outweighing immediate or apparent evil. There is scarcely a change that has not made possible more rapid and far-reaching spread of ideas.

Ideas are the determining factors. The minds of men are interchanging thought to-day as never hitherto in the history of the world. Never before was there like growth in knowledge and intelligence. Never before did the spheres of organized social effort give promise of so rapid and vast expansion. Herein lies the way of escape from what, in the maze of ever-changing conditions, seems to render the Labor Problem impossible of solution. It rests with man to determine his own fate. The social order is not unchangeable. Like all the rest, the social order is itself subject to change in accordance with ideas that may be made to prevail.

Take, first of all, Discovery: the discovery of the earth's surface, its resources and powers. Every-

where under its sway, the world has had to readjust former notions. Schools of thought, systems of philosophy and organization, vast commercial and industrial enterprises, have had to change, or go by the board, and with them, the ruin of reputations and of men. Who is there, possessing aught of the increase of knowledge Discovery has brought, would willingly see the world return to its former ignorance? Advance is of the very essence of Discovery. It is in the nature of revelation. All progress is but a forward movement into wider vistas of light and truth.

If the discovery of America meant the disappearance of the North American Indian, it meant also the planting of a higher civilization on the continent that divides the great oceans of the world. If it made possible the importation of slaves from Africa, it made possible also the migration of the Puritans, and the ultimate abolition of slavery in America, and in many another part of the world. All that we mean by enlightenment is the fruit of Discovery, and upon Discovery the spread of enlightenment throughout the world depends.

Is not greater ultimate good true also of Invention? It has been well said that "it is the *nature* of Invention to create surpluses"; that "an invention means that the same results are got with less outlay of resources. Either more sources of *supply* are found, or the existing supplies go further, so

that in either case there is a surplus for new use. Or else there is a surplus of *effort*, less work being needed to get the supplies and make them available. And quite usually there are both kinds of surpluses at once, so that more supplies are got for less effort."[1] In how many directions and on how unlimited a scale has this been the case, and how salutary are many of the consequences that have flowed from it! Yet every new invention threatens or injures some one. As is well known, the application of new inventions to Industry has been the occasion of much friction and indeed of serious uprisings.

When natural power was first applied to weaving in England, riots occurred, and the power looms and frames were smashed. It was thought by the weavers that they were about to have their means of livelihood taken from them. Weaving deserted the cottages and forsook the farms for factories and towns. For the tens and hundreds whose loss of employment was temporary, thousands secured permanent employment later on. Multitudes have been clothed ever since who would have gone scantily clad, had weaving remained the hand industry it once was.

Some years ago a foreign syndicate sought to introduce railroads into China. Permission to commence construction was obtained from the authorities only upon the condition that a *horse* rail-

[1] D. H. Macgregor, *The Evolution of Industry*, p. 31. London.

road and not a steam railroad was to be built. The road was intended to be a model one, and the route selected was from Shanghai to Woosung, a distance of twelve miles. When it was completed, the syndicate, believing opposition would soon be silenced, put on a steam engine, the parts of which had been secretly brought into China and assembled at Shanghai. Immediately riots occurred, and the property of the company was destroyed to such an extent that, to avoid complications with foreign governments, the Government of China was obliged to purchase the road. It was disposed of to the Chinese Government on the condition that it should be operated for a year. The Chinese Government executed the contract in good faith. At the expiration of the year, however, they ripped up the road, rails and ties, and together with other equipment and rolling stock placed the whole enterprise on shipboard, and transported it to the Island of Formosa. There it was dumped upon the beach and left, a thing of dread to the solitudes of the great waste. Doubtless the act was, in part, one of protest against the deception of foreigners. It was even more an exhibition of hatred against a foreign invention. The foreign syndicate's mistaken course delayed the introduction of railways into China for a number of years; but the Chinese themselves have since come to recognize railroads as the pioneers of a new civilization.

The behavior of Invention is one vast paradox. It gives by seeming to withhold. Not infrequently it reduces the inventor to poverty, while it enriches hundreds who have never heard mention of his name. If it robs one man of a living, by the same act it may lessen the cost of living to thousands. Whilst it cuts off employment in one direction, in others it opens whole avenues of fresh opportunity. If it has made machines competitors with men, it has also, through machines, relieved labor of much of its drudgery. If it lessens the quantities of materials and labor required for production, articles affected thereby may be so reduced in cost as vastly to enhance the demand for like materials and labor. Moreover, changes in one trade stimulate other trades.

At the time of its introduction in England, the steady blast in furnaces, made possible by the application of power, saved sixty-six per cent. of the coal required. It led within a very few years to a greatly increased demand for coal, through the vastly increased manufacture of iron. In the latter part of the eighteenth century, the substitution of coal for wood gave a stimulus to mining. It also led to expansion in the iron trades. The iron trade led to an expansion of the canal system; which in turn led to the development of new industries. Especially has this kind of effect been true of the inventions that have gone to cheapen the cost of

transportation and communication. Trade has been so stimulated as to increase demand all round. As human power was replaced by water power, and water power by steam and electricity, the output of Industry ceased to be restricted by the numbers of individuals to be found in particular localities, or to be limited by their proximity to the sources of power, fuel, and materials. The possibilities of production increased indefinitely. Changes of the kind have gone on developing, and the circle of their influence has widened until they have become operative on a world scale. It is the story of industrial expansion. It has meant a vast increase in quantity, an improvement in quality, and a lessening in cost of both services and commodities available for human use.

If antagonism to Invention has been considerable, how much greater has been the opposition aroused by the development of the organization of Industry on a large-scale! Possibly no prejudice has surpassed in intensity that which has been felt against "Capitalism." Nor are there lacking ample grounds for the prejudice. In the first place, the substitution of large-scale organization in Industry for the domestic system, made possible by capitalist direction in the last century and a half, has wrought more change in the social order than the combined forces of many preceding centuries. The

transition has been accompanied by inconceivable hardship and injustice. The large-scale organization of Industry has been mainly, if not all but exclusively, responsible for the shifting of industrial areas, the subdivision of industrial processes, the divorce between agriculture and manufacturing, the congestion of cities, the rivalry between men and machines, the increased competition of foreign with domestic labor, and the competition of women and children with men. It has helped to break up communities and households, and to scatter their families over all quarters of the globe. Worst of all, it has occasioned the instability characteristic of modern industrial life, and has rendered inevitable the commercial depressions, the financial panics, and the violent industrial crises which have become recurring phenomena of our times.

Under the domestic system, trade was localized, production was for the home market. If employed in manufacturing, the worker, through being associated with the land, had another string to his bow: he had the opportunity of raising products and using public pasture. If engaged in agriculture, he had the possibility of adding to his earnings through weaving in his own home. In agriculture and manufacturing there were two sources of income. One or the other gave way with the divorce of Industry from the land, which was coincident with the divorce of Labor and Capital.

Once Industry was organized on a basis of competition with the outside world, and a vast external trade developed, it was inevitable that the sudden cutting off of one trade should produce great suffering. Wherever there is expansion, there is necessarily the possibility of contraction. Where raw materials are brought from abroad and the markets for the sale of material are distant or foreign, instead of proximate and local, shortage of materials or closing of markets inevitably disturbs the whole system of trade and industry. Workers are thrown out of employment. If dependent solely on wages, their lot is doubly precarious. Such is the nature of Industry as it exists in large part to-day.

With fluctuations in wages, have come also fluctuations in prices. In the middle ages, both as regards food and fuel, the artisan was certain of little change. Under the stress of world competition and fluctuations in trade, the cost of living has become subject to constant variations. Sometimes it is lower, sometimes it is higher than at others, but it is never wholly stable. So, as respects both income and outlay, the modern worker lives subject to the play of forces wholly beyond his control. Real wages are dependent upon prices that are subject to fluctuations; nominal wages are dependent upon employment, which fluctuates with the fluctuations in trade.[1] Fluctuations in trade are influenced by

[1] Adam Smith says: "The *real wages* of labour may be said to

fluctuations in credit; and credit is so sensitive as to be affected by variations in policies and even in opinion!

Most men are compelled to experience some of the hardships incidental to the instability of modern Industry. Simultaneously they witness the security wealth affords its possessors. They realize that large-scale enterprise has helped to create fabulous fortunes. Is it any wonder they should come to identify a form of industrial organization with but some of its effects, and overlook other consequences more important in their social bearings? Being sensitive to immediate needs, and knowing little of world conditions, is it strange the majority of men should fail to see that a form of Industry suited to self-contained communities is no longer possible under a transition which has substituted world for local markets, and interdependence for self-sufficiency in Industry and Trade?

Men have rightly recognized the power for evil which lies in the control of vast organization in Industry, and of vast wealth. They have been horrified by exposures of manifest wrongs. What so many fail to see is that large organization of Industry and vast wealth are *in themselves* neither good nor evil.

consist in the quantity of the necessaries and conveniences of life that are given for it; its *nominal wages* in the quantity of money. . . . The labourer is rich or poor, is well or ill rewarded, in proportion to the real, not to the nominal, price of his labour." *Wealth of Nations*, I, v.

The *control* of either may contribute to vast injustice; it equally affords opportunity for the largest measure of service to mankind. Under present-day conditions, both accumulations of wealth and large-scale organization in Industry would be necessary were every individual capitalist to be deposed, and his possessions forfeited to and administered by the State. Were the socialist state to come into being to-morrow, under a régime of world competition the capitalist *form* of industrial organization would still be necessary. The "State" might in theory own all; the existing wage-system might disappear; individual capitalists might cease to exist. In actual practice, "political managers" would be substituted for "capitalist managers." Though differently controlled, the capitalist form of large organization of Industry, with its division of labor, its division of industrial processes, and its divisions of industrial areas, would still remain.

It is not against the *form*, but against the possible *abuses*, of industrial organization, whatever the system, that protests should be uttered. The nation that sought to abandon its present for earlier forms would lose its industries altogether. No form of Industry unadapted to conditions of world competition can any longer hope to survive. Against the abuses which large and powerful organization makes possible, against evils to which it may give rise, too much in the way of criticism

cannot be directed. Clear discernment between a form of organization and possible abuses under it, whether the control be individual or collective, will save much confusion, and make possible speedier adjustment of existing wrongs.

The problem of the distribution of wealth presents considerations separate and distinct from those of the problem of the production of wealth. It is well that this should be discerned. It is only by clear and definite perceptions that it is at all possible to hope to thread the industrial maze towards the goal of ampler justice in human relations. Vast production of wealth makes a wider distribution at least possible. With unlimited production there may be marked inequalities in individual fortunes; the lot of the many, notwithstanding, may be improved. With population ever increasing, increased production alone makes possible general improvement. How distribution is to be more equitably effected is a problem of Education and Government. Humanity stands to-day in relation to world production where man stood, at the beginning, in relation to Nature, only their positions are reversed. Man, not Nature, is now in control. The problem of the possible production of all but unlimited wealth is already solved. Growth in human intelligence has wrought this achievement. Surely human intelligence may be relied upon to see that the problem of distribution, to

which the production of wealth is a necessary preliminary, will also find an equitable solution.

Most important of all the results of large-scale organization of Industry has been its effect upon production. It has gained the world-sway it holds because it has rendered possible an all but unlimited output. Under the domestic system, only a very limited production was possible. The total wealth resulting from Industry could never exceed what human labor, assisted by such implements and tools as human ingenuity had devised, could produce from the materials at hand. With scanty resources, small markets, and restricted methods of manufacture, every individual might be busily employed, and the total wealth of an industrial community continue comparatively small. Once Discovery disclosed resources in all parts of the globe, once man's inventive genius taught him how to harness the powers of Nature, and improved means of transportation and communication enabled him to traverse all lands and seas in search of materials and markets, nothing, save the amount of capital available for investment in Industry, could longer place a limit on total production. By facilitating the development of resources wherever found, and furthering the manufacture of commodities and their distribution to markets the world over, large-scale organization of Industry has made possible production of wealth wherewith to meet the

needs of mankind in a measure which surpasses the dreams of by-gone centuries. It is in this very form of organization of Industry that the hope, not the despair, of Labor lies.

Large-scale organization is the one thing that makes possible effective control of Industry by the State. What would the problem of State control be at the present time were individual control of transportation, shipbuilding, fuel, power, munitions, and foodstuffs distributed as it was a century ago!

Large-scale organization of Industry, by rendering possible increased production with gradual lessening of human effort, has paved the way for the substitution of Democracy for Serfdom. Where production was carried on under a régime of tools, it was limited by individual human effort. Under such conditions, constant and unremitting toil was necessarily the lot of the many; opportunity of leisure, the privilege of a favored few. In the Greek city-state, which represented the highest degree of culture in the ancient world, citizenship was restricted to those in a position to live upon the fruits of the labor of others. The workers were not even freemen; they were slaves, politically as well as industrially. During the Middle Ages, the economic position of Labor improved with the gradual introduction of money payments. Yet wherever the manorial system prevailed, or the

towns and cities remained the units of social organization, and Industry was regulated by the guild, the mass of men had little or no voice in the affairs of government. Not until barriers were broken down in a multitude of directions did the proletariat know aught of political freedom. Some leisure to consider the problems of the State, some freedom of movement both in time and place, the rudiments of an education, and a measure of economic independence, — all these are essential to a proper exercise of the rights of citizenship. For the mass of men these possessions may still be far from what they should be, but they are enjoyed at the present time in fuller measure than at any previous period in history. Whilst other factors have contributed, it has been the production of wealth on the scale rendered possible by the capitalist organization of Industry which has permitted the shortening of the hours of labor and made possible the rewards of effort, the educational and other facilities, which account in such large measure for increased political activity under the enlarged franchise of to-day.

Sir Henry Maine has shown that it is the movement from *status* to *contract* in organized society which distinguishes advanced communities from barbarous. As respects the countries of the world in their international relations, a like evolution, as already pointed out, would seem to be in prog-

ress at the present time. Above all else, it is to be hoped that as an outcome of the present war, nations hereafter will recognize contract as the basis of world civilization, and that an end will be put to the barbarity which seeks justification in the doctrine that Might makes Right. If such a condition of international polity should be effected, the organization of Industry on an ever-expanding scale will have contributed in no small measure to the result. The interdependence of modern nations which arises from the division of industrial processes and the geographical distribution of Industry, demands the recognition of the contractual basis as the only basis on which Industry can hope to prosper. More and more, international interdependence begotten of large-scale organization in Industry will compel respect for the sanctity of obligation on the part of nations. From a recognition of contract as the fundamental condition of world civilization, it is but a step to an International Court of Justice with authority to decide on controversies that arise, and to a League of Nations supported by an international police sufficiently powerful to enforce all decrees.

Whilst the change from a natural to a money economy, and the severance of Capital and Labor, destroyed the immediate personal relations existing under the old domestic system, they helped bring

to workingmen a wider measure of personal independence. If the *cash nexus* has broken the bond of personal security, it has broken also the yoke of personal subordination. The relations of master and journeyman were those of superior and inferior; the relations of employer and employee are becoming more and more those of citizens in Industry. The employer sells opportunity of service, which brings him a return in the form of interest on capital invested; the employee sells his services, which bring him a return in the form of wages. In selling his services, the employee does not necessarily sell himself. This was too often the case under a system surrounded by restrictions as to movement both in place and time, and of which the personal relationship was the outstanding feature. The position of the workingman has changed in modern communities from one based on *status* to one based on *contract*. No longer does the obligation to labor arise from the inferior status of serf, permitting no freedom of choice on the part of the worker as to where and by whom his services are to be employed. The present-day relationship of employer and employee is one of obligation arising out of contract, and one which presupposes equality of the parties before the law. Too often the contract remains implied; too often it is a one-sided affair, so that the semblance to status remains in many cases stronger than it otherwise should be.

Theoretically, however, the idea of duties based on status has been superseded by a conception of contractual rights as well as duties in all industrial relations. The freedom of movement afforded by modern agencies of communication and transportation, and increasing opportunities of voluntary association, are tending to make practice and theory more and more conform.

If Capital has been a disintegrating factor, breaking up families, and scattering individuals as atoms to the ends of the earth, more than any other agency it has also been responsible for bringing together individuals in groups and communities, and making possible an ever-increasing measure of associated effort. The right and power of voluntary association has been made possible by Capital through the change from a system of industrial relations based on status to one based on contract. The Trade Union and Co-operative movements, the growth of Friendly Societies, developments in Co-partnership and Profit-sharing, these and other forms of associated effort have come into being in virtue of the very forces which have occasioned also a change from stability to instability in the position of the worker, and which severed the personal relationships that were an outstanding feature of the old order. Nor has voluntary association been restricted to groups within any one nation. The Trade Union and the Co-operative move-

ments have become international. Federations, Congresses, and Conventions representative of many countries, have become a feature of nearly all social movements. As the climax of co-operative effort, the world has seen the free nations of the earth sharing like sacrifices in the preservation of human liberty. The transfer at will of capital from one portion of the globe to another has made possible the co-operation of the allied nations in the present war. The power of united, co-operative effort, convincingly demonstrated against a common enemy in time of war, is equally a factor for social amelioration in times of peace.

With Labor restricted to one locality or estate, there may have been stability, but very often there was also stagnation. In what it has permitted of freedom in the management of time, and of facility of movement from place to place, Capital has tended to promote personal liberty. It is true that while the serf was bound to the soil, the soil was also bound to the serf. In this particular, as well as in the personal responsibility which masters had for the care of their slaves, many a serf and many a slave of former times was better off than some of the toilers in Industry to-day. If instead of regarding only the high lights in the one case and the shadows in the other, we take a bird's-eye view, there can be no doubt that by facilitating change in employment and the severance of uncongenial re-

lationships, Capital has greatly helped to remove what is often most irksome, if not most burdensome, in human lives. Capital not only makes it possible for Labor in one locality or calling to take advantage of better opportunities in other localities and callings, but it actually searches out Labor to this very end. By its very power of disintegration, Capital has helped to diffuse the arts and industries in a manner destined to raise the level of human well-being throughout the globe. The world over, it has helped to destroy barriers to progress. The advance of civilization is measured no longer by the favored position of the privileged few, but by the improved condition in the lot of the many.

The loss of stability which characterizes modern industrial conditions may seem to outweigh, at times, the advantages of the combined gains. Uncertainty in anything is trying. Its terrors are most of all felt where they relate to health and subsistence. No words can do justice to sufferings endured from these causes by workers the world over. In normal times, uncertainty in some measure is ever present. It is impossible to conceive what must be the anxieties of families, dependent upon precarious earnings, in times of industrial depression, or panic. Still at no previous period in the world's history have the problems of inconstancy of employment and the causes of unemployment received like attention from investigators and governments. Con-

siderable advance has been made, both by voluntary and State action, in preventing and meeting the emergencies to which modern Industry gives rise. More and more as voluntary effort has proven inadequate, the State has exhibited a tendency to come to the relief of the worker in the perils of his isolated position.

Under conditions of world-wide competition, Humanity, not less than Industry, is becoming increasingly sensitive over ever-widening areas. Never before were the wants of one locality so quickly known to others, or the resources of all parts made so readily available to meet particular needs. Never were the agencies of relief what they are in number and strength at the present time. There is this about powerful combination, whether it be of Capital, of Labor, or of Government, that its knowledge of conditions and its command of resources wherewith to cope with difficulties are greater than those of lesser units. The record of actual occurrences goes to show that where the call upon any of these agencies has been urgent, it has seldom failed of quick response. It is not to be doubted that, as there comes a fuller understanding of the world scale on which economic forces operate, regulation more and more on a world scale will also follow. If for no reason other than that of maintaining their own standards, the advanced nations may be expected to share with increasing zeal in the task of

raising standards elsewhere, and of bringing about that measure of effective co-operation which will best promote the common interests of mankind.

The forces which have brought the peoples of the world into competition are also the forces which are helping to further a world unity. They are the forces that have compelled recognition of Humanity's common interests. As respects fundamental human needs, they will yet break all barriers of class and nationality. All that has tended to make the world increasingly one, and to render international conflict on a world scale possible, has within itself also the power to create a world harmony under the spread of right ideas. Industry and the wealth that Industry creates are means to this mighty end. A Commonwealth founded on Industry, not a World-Empire maintained by Force, will prove the last word in industrial and political development.

If changes in Industry which have occasioned despair have also revealed grounds for the highest hope, is there not somewhere in this remarkable paradox a clue to the riddle propounded by the modern Sphinx? Is it not that the brute instinct of Fear must give way to the Sublime quality of Faith? It is to the head, not to the body of the Sphinx, we must look for inspiration. Reason, not Force, must control. The Perfect Man, not the Perfect Brute, is the purpose back of all creation.

Poetical expression has been given this thought in the following beautiful lines by the late William Wilfred Campbell: —

> "Teach me the lesson that Mother Earth
> Teacheth her children each hour,
> When she keeps in her deeps the basic root,
> And wears on her breast the flower.
>
> "And as the brute to the basic root
> In the infinite cosmic plan,
> So in the plan of the Infinite Mind
> The flower of the brute is man." [1]

The flower of civilization lies in the perfection of manhood, not in vast increase of material wealth or material force. Industry exists for the sake of Humanity, not Humanity for the sake of Industry.

As already observed, this is equally true of Nationality. The root of the world's present distress is to be found in a fundamentally wrong philosophy. How different the story of the world's relations would be to-day had the Brute in the name of the State not been permitted to control the Man!

In human relations, whether political or industrial, the Contrary Laws described by Pasteur have found expression, in one form or another, in the age-long struggle of freedom against domination. Indifferent to the sacrifice of human life, and regard-

[1] "Invocation." *The Sagas of Vaster Britain.* The Musson Book Co., Toronto, 1914.

less of the burdens placed upon it, domination has wrought out its will in accordance with *the Law of Blood and of Death.* Freedom, on the other hand, has sought to extend its sway in obedience to *the Law of Peace, Work, and Health,* cherishing all human life, and scrupulously seeking to unfold its every capacity. The brute seeks domination; man, an ampler freedom. Man ascends from his lower to his higher nature as within himself the love of freedom transforms the desire for domination. So also in the domain of Politics and Industry, all progress is to be measured by the degree to which a desire for domination is overborne by a love of freedom.

Freedom means the elimination of Fear. As Fear diminishes, Freedom becomes a reality. Nations and men become free as their fears vanish. This has been true at all periods in history, and is true of all departments of life. The fear begotten of arbitrary power delayed constitutional government; the fear of the inquisition withheld religious liberty; the fear of imprisonment checked the freedom of the press and public assembly. In a thousand and one directions, men have less to fear to-day for their property and their persons than they had a few centuries ago; freedom has increased to that extent. And yet Fear, in industrial and international relations, is far from having fled this world. At how great cost to freedom the fear of war has been maintained, the desolation of Europe tells!

In Industry, new fears have arisen, begotten of the changes which Industry has undergone, and the conditions it has helped to create. The growth of cities and congested industrial areas has increased the dangers of conflagration, infection, and contagion. The use of machinery and of the powers of steam and electricity has enhanced the possibilities of accident and of sudden death. The rapid and exacting nature of mechanical processes, and the unwholesomeness of many industrial occupations and surroundings have lessened opportunities to advancing years and have brought new risks to vitality and health. The increase in the employment of women and young persons has occasioned new problems of nervous strain and of parentage. The interdependence of industries, the subdivision of industrial processes, business depressions, and financial crises have added, to seasonal changes, far-reaching causes of inconstancy and irregularity in employment. At the same time these several factors react, as we have seen, upon wages and prices. All that has lessened stability in Industry has helped to beget new occasions of alarm.

And so, while some of the former fears remain, new fears have come into being which circumscribe the freedom of multitudes of men and women on whose unremitting efforts the prosecution of Industry depends. Fear of accident and sickness and invalidity, fear of over-strain, and of unemploy-

ment, fear of sweating and of dependence; — all these are vastly more real to men and women engaged in Industry to-day than they were to former generations. To these fears is now to be added fear of industrial strife on a scale hitherto unparalleled. Like the fear of war, this fear may seem ephemeral until it is realized; but, like war itself, industrial conflict may be all the more frightful because of hidden causes, long neglected, and possibilities altogether unforeseen.

If such are the many fears of to-day, how are they ever to be eliminated? What hope is there of so regulating Industry, and of so influencing international polity, that industrial and international development may serve, not scourge, Humanity?

It may well be that we shall have to strike deep; that we shall, in fact, have to reject the theories upon which we have been proceeding. Realizing that the materialistic interpretation of the universe has brought death and confusion, we have ample scientific grounds for beginning anew with the only possible alternative, and attempting a solution of our international and industrial problems in accordance with a spiritual interpretation of life.

Nothing has occasioned more confusion than a wrong application of the doctrine of *the Survival of the Fittest.* Humane men, recognizing its obvious

operation in the physical world, and deeming it generally applicable, have striven, as respects industrial and political development, to reconcile its seeming implications with teachings which appear quite contrary, and which alone appeal to their nobler sensibilities. In the curious juxtaposition of ideas thus presented, the struggle has seemed to be between Christianity on the one side and Material Force on the other; a struggle, in the last analysis, between the Perfect Man and the Perfect Brute. Into such strange dilemmas are the minds of men led by a logic that overlooks fundamental differences!

The Law of the Survival of the Fittest is a biological law, concerned solely with the relationship between organisms and their environments. It is not a rule of conduct, nor a moral law. The struggle for existence which the fit alone survive is a struggle in the physical world between physical organisms and their physical environments. Organisms that are suited or able to adapt themselves to their environments survive, are called "fit"; the others perish. But the struggle is one between organism and environment, not between organism and organism of the same type. A struggle between like organisms of which the fittest alone survive would, if indefinitely prolonged, wipe out the entire species. Organisms suited or adapted to their environments survive, whether their number be few or legion.

That is the real significance of the doctrine of the "survival of the fittest" and the part it plays in the "struggle for existence."[1]

So far as this biological law is applicable to human beings, the organism of which account has to be taken is not man as an isolated individual, but mankind as a whole. Mr. Norman Angell has made this apparent by pointing out that man as an individual, apart from association with his fellows, would die; and that it is through co-operation with his fellow men that man becomes part of a living organism, an organism that develops in vitality as co-operation between its members becomes effective.[2] In this view, any right application of the struggle antecedent to the survival of the fit will be seen to lie in man's struggle with his physical environment, not in any conflict between individual human beings one with another. Mankind as a whole is the complete social organism, and the planet or universe its environment. To this environment, man is more and more adapting himself, not, however, through conflict with his fellow man, but through combined effort on the part of collective groups against the forces of nature that thwart human progress. Where there is strife and confusion, instead of intelligent co-operation, between the human elements of which society is composed, man-

[1] *Vide Social Progress and the Darwinian Theory*, by George Nasmyth, Ph.D. G. P. Putnam's Sons, New York, 1916.

[2] *Prussianism and its Destruction;* also *The Great Illusion.*

kind as an organism weakens itself, and in its struggle against environment suffers proportionately. The fact of man destroying his fellow man is conclusive evidence of itself that the organism exhibiting such a condition has not attained its highest form. An organism in conflict with itself is not fitted to survive. A state of war, whether industrial or international, long enough continued would cause mankind to perish.

A world at peace in its international and industrial relations, each part co-operating with the others and effecting a co-ordination of effort aimed at destroying every obstacle to perfect manhood, would reveal a social organism rendering itself "fittest to survive." It would not be a world devoid of struggle for existence. Indeed, the true meaning of existence being at last apparent, the struggle would be keener than ever; but, as respects the human beings that comprise Humanity, it would be, not one against another, but all together in mortal combat against the common enemies of mankind. When the last chapter of the story of man upon this earth is written, it will not be the eras that have witnessed the fiercest human struggles between nations and in Industry that will disclose human society as best fitted to survive, but the periods of history in which effective co-operation and co-ordination of human effort have been most extensive; and in which the law of hu-

man brotherhood, and not the law of the jungle, has governed most widely in the relations of nations and of men. Regarding mankind as one, self-destruction, not self-preservation, characterizes the epochs of strife.

The error that has given rise to so great confusion of thought with respect to the doctrine of "the survival of the fittest" in relation to Industry and Nationality is graver even than the error of its application to the constituent elements of the social organisms instead of to human society as a whole. It lies, as already pointed out, in any application of a purely biological law to phenomena that are other than biological. Consider the phenomena! What is it that we wish to survive? Is it Matter, or Spirit? The two are entirely different. If it be Matter, then some brute method may enable us to override all finer sensibilities for the sake of material gain; and humane standards which help to preserve and unfold human life may well give way to standards of ruthless competition which take no account of life. Even then, material loss will come in the end. If, however, it be not Matter, but Life, that we wish to preserve, then the standard that is inferior must make way for the superior standard, whether the struggle be between competing methods in Industry, or rival methods in matters of international concern. Who will say that Prussian Militarism is fitter to survive than the spirit

of the free peoples who have opposed it? None, save he who has a Prussian heart.

How the world in its thinking has fallen so largely into the error of failing to distinguish between what are material and what are spiritual considerations, is a part of the sequence of modern industrial evolution as already outlined.

The epoch of discovery and the epoch of invention which gave birth to modern Industry were alike related to a physical world. So vast, so almost overwhelming, was the new knowledge of the globe, and of its illimitable natural resources; so wonderful, marvellous in fact, the new knowledge of the physical forces of nature and their practical application, that human thought became engrossed in a world of matter, created, as it were, anew. An epoch of scientific research succeeded the epochs of discovery and invention, and occupied itself primarily, and almost exclusively, with material phenomena. The physical and chemical sciences, because they could be practically and profitably applied, gained a commercial value which helped to enhance their significance. Inventive genius turned its energies to the discovery of mechanical appliances and industrial processes. With the expansion in Industry, came fresh developments in organization and administration, all alike related to the new material development, and all alike fostered by the

vast accumulations of wealth which it made possible. In the teachings of the universities, "Applied Science" gained a foremost place. Even Progress itself came to be measured in material terms.[1]

Strange, unexpected, but, withal, natural consequences have followed this spread of materialism so generally accepted in theory and in practice. Under the domination of thought concerned primarily with a world of matter, ideals of personal obligation, earlier conceptions of right and wrong in human relations, while never wholly abandoned, came, in the practical world, to receive an emphasis wholly secondary to that of the new knowledge which spoke of "the struggle for existence" and "the survival of the fittest." With almost childlike simplicity these new conceptions were everywhere applied, whether the application related to physical phenomena, to the study of which they owed their origin, or to human conduct, the ethics of which it is impossible to define in physical terms. Such has been the unconscious drift towards the material in all things, and away from a regard for the spiritual, which a century ago men of fewer possessions but of profounder natures held. The logical result has followed; the inevitable crash has come. A universe that is not a material universe

[1] The reader is referred to a little volume entitled *Whither?* published anonymously by Houghton Mifflin Co., 1915. Reference to this source and use of its expressive phraseology are hereby acknowledged.

but a spiritual universe has refused to be ordered and directed by material forces and ideas. To-day, a world crushed beneath the weight of the material ruin it has heaped upon itself, once more seeks to fan into flame the spark which illumines man with a true sense of his immortal destiny.

When all is over, and the ruin is complete, man will once again survey his world. He will find the universe unchanged, but his knowledge of it will be other than what it was. The epoch of scientific research will be followed by an epoch of reflection, and of search, perhaps, after the invisible realities of life. In the thoughts and aims of men, the world of matter, let us pray, will find a place subordinate to the world of spirit which discloses its existence not by means of chemical reactions, but through a following after the Perfect Life. The world of matter, men will not deny; neither will they any longer deny the world of spiritual reality, whatever theories they may entertain of its origin and destiny. For it is spirit, not matter, that gives meaning to "the sum of things entire"; and the import is slight or momentous as spiritual vision is dim or clear.

The universe of spirit, not the material universe, needs now to be explored. Matter knows nothing of aspiration and despair, of love and hate, of faith and fear. Yet these are the chords of human sensibilities upon which all the joy, all the passion, and all the pathos of human life are expressed. The

materialistic interpretation of life has failed to give us progress according to any true meaning of the word. It has brought only death and desolation in colossal measure. We must begin anew with a spiritual interpretation of life, and out of the human service which it inspires seek to reconstruct our dismantled world.

The problem of the nature of the universe is necessarily bound up with the parallel problem of human personality. Abundance of life is to be attained, not through any brute struggle on the part of men or nations in accord with some biological law of the survival of the fittest, but through mutual service in accord with the principles of a higher law, the law of human brotherhood which finds its sublime expression in Christian sacrifice and love.

Unlike the *Law of the Survival of the Fittest*, the operation of this higher *Law of Christian Service* implies social effort and is dependent upon an exercise of choice. In the struggle of the physical organism with its environment, it is, as we have seen, the isolation of the organism, and the final impossibility of the exercise of any option, which determine its fate. Purely material things are incapable of co-operation. Were spirit the same as matter, there would be no difference between the living and the dead. It is the fundamental difference between man and animal or plant life, expressed in co-opera-

tive effort based upon voluntary choice, that renders the biological analogy inapplicable to the condition of human progress. This fundamental difference also explains how the tendency operating as a sort of Gresham's Law with respect to standards in Industry is capable of being overcome. Through co-operative effort based on choice, higher standards may be made to prevail over inferior ones. The choice, however, must be exercised in relation to conditions as they affect life, not as they affect forms of organization and material substances.

Industry may be a source of strength and vitality to the individuals it employs; or it may be a whited sepulchre, outwardly beautiful, fulfilling a seemingly exalted mission, but within, a thing of rottenness and filled with the dying and the dead. The same is equally true of the State. In both cases it is a matter of standards based upon recognition of the fundamental distinction between material and human values. *The Law of Competing Standards* is a law applicable to material values, in which human considerations are ignored. *The Law of Christian Service*, everywhere expressed in mutual aid, is a moral law. Its application is to human life, which regards material considerations of value only as they minister to human need.

CHAPTER V

THE PARTIES TO INDUSTRY

INDUSTRY is the process by which the resources of Nature are transformed through human effort into services and commodities available for use. Agriculture, fishing, lumbering, mining, manufacturing, transportation and communication, transmission of light, heat, water and power, work of construction of various kinds, all that pertains to trade and commerce, and to skilled and unskilled labor, are component elements of this vast process, of which production is the basis, and exchange and distribution derivative and contributing factors.[1]

The effort necessary to effect the transformation of natural resources into services and commodities is the muscular and mental effort of human beings, aided by the labor of brutes and by natural forces which human beings control and direct, and by

[1] While the principles enumerated in this treatise are applicable to Industry in any and all of its branches, it is to branches of Industry in which large-scale organization has most developed that reference is primarily made. In many parts, agriculture, lumbering, and fishing are still organized on lines resembling those of the old domestic system. If the word Industry, as used, appears to refer primarily to such branches as manufacturing, mining, and transportation, it is not because the vast significance of other branches of Industry has been overlooked, but simply that attention may be given more particularly to problems which owe their origin in large measure to modern developments.

tools, appliances, and machines, themselves the result of human effort in the past. With the ceaseless expansion of Industry, this interweaving of effort has developed on a world scale, and is shared in by human beings in all quarters of the globe. Industry is thus expressive of activities common to Humanity, and its expansion is Humanity's common task. So inexhaustible are natural forces and other resources of Nature that the only limit to the possible development of Industry is the extent and ingenuity of human effort. The extent of human effort is a matter of co-operation between the parties to Industry; ingenuity, a matter of intelligent co-ordination of functions.

Whilst Industry, as a whole, may be described as one vast process, it is made up, in reality, of an infinite series of processes constantly increasing in number and variety. These processes are incidental to the various stages of transformation through which the resources of Nature necessarily pass before being changed into services and commodities available for use.

At every stage in each of the several processes, Labor is required to supply necessary effort. Because of the geographical distribution of Industry, the division of employment within given areas, the still further division of labor within particular employments, and the minute subdivisions consequent

upon the use of tools and machines, there is specialization of effort all along the line. Through this extensive and intensive specialization, the work of multitudes of individuals is necessarily circumscribed and of different degrees of effectiveness. Mr. L. G. McPherson, in a volume entitled "How the World Makes Its Living," admirably describes the essential differences in this detailed specialization. He says: "At one extreme are those whose effort is hardly more than muscular, and is effective only when exercised under direction of others as to time, place, manner, and extent of application. At the other extreme are those who by effort of the brain take account of complicated factors and circumstances in guiding and directing the industrial processes. Between the two extremes are workers of varying degrees of effectiveness, into whose physical and mental make-up different characteristics enter in a myriad of combinations." [1] Knowledge and skill in his particular work is the first requisite of a worker; an appreciation of the relation of his work to the process of which it is a part is the next requisite; and this, together with an appreciation of the aim which he and the other parties to Industry have in common, is essential to maximum efficiency.

To carry on the several processes and effect the

[1] *Vide* previous reference to this source.

requisite transformations, capital, or, in other words, the results of previous effort, must be continuously available. Materials to be worked upon are required, such as raw material, or materials partially transformed; articles to work with, such as tools, appliances, and machines; and commodities in the nature of food, clothing, and shelter to sustain the workers. To render these various substances available in forms, quantities, and places required, money is necessary for their purchase.

Money and credit are sometimes spoken of as capital. They are such, not of themselves, however, but in virtue of what their possession commands; they indicate power of control because exchangeable for desired commodities or services. So far as the actual processes of production go, money is a matter of figures in books, and insignia and figures on metal and paper. The only real wealth is in the nature of commodities and services which money controls. All substances used in production for the purpose of further production are in the nature of surplus wealth and are definable as capital.[1] In business, in speaking of capital, little or no distinction is drawn between wealth in the form of money and surplus wealth in the form of other

[1] Capital throughout this treatise is accorded its business significance, and includes material possessions of any and every kind which have exchangeable value or are in the nature of surplus wealth available for investment in Industry. It includes land where immediately or incidentally related to industrial processes.

substances utilized to further production. This freedom of expression is quite permissible so long as it is accompanied by an understanding of the essential difference of function between money and other forms of capital wherever the difference is material.

Not only are labor and capital necessary to Industry, but at every stage, in fact at every point throughout the entire process, there is need also of co-ordination of effort, which implies direction, either self-direction on the part of the worker and owner of capital, or direction on the part of others. Direction of effort begins with the application of intelligence of the lowest order, in simply applying force to matter through muscular effort, and ascends through an infinite number of gradations to intelligence of the very highest order, such as is necessary in originating and devising means and methods of co-ordinating and of increasing the value of human effort. Whatever conserves human effort and materials, makes possible increased production. The effective utilization of the forces of nature under human direction, and the successful combining of the activities of vast numbers of individuals, account for the enormous production of the world to-day. Effort of itself is of little value; it is effort intelligently directed that counts.

Where the capacity of directing and co-ordinating

effort does not lie within the brain of the worker, it must be supplied by direction of another. As operations become more difficult and complex, as the effort of the individual requires to be directed toward many ends, and the effort of several individuals requires to be combined toward one or several ends, a still higher order of skill and of directing and organizing intelligence is required. A supreme intelligence would be required to direct and co-ordinate "the efforts of all peoples of all stages of advancement, in all parts of the world." Such would be the task of co-ordination were Industry throughout the world to be conducted on a basis of completest efficiency.

Directing intelligence is a form of labor. It is mental labor of a kind necessary to the co-ordination of effort, as distinguished from labor that is mostly muscular, which consists in the application of force to material substances. Whilst some element of directing intelligence is essential to the crudest kinds of muscular effort, and some element of muscular effort is essential to directing intelligence of the highest order, the service rendered by directing intelligence, which is concerned mainly with the co-ordination of effort and is largely divorced from muscular effort, is so different in kind and degree from the service of labor that is mainly muscular that the two may be regarded as separate and distinct factors in production. In its distinctive

character, directing intelligence is referred to as Management. In Industry, Management is concerned with the disposition of the capital provided, the erection and employment of machinery and plant, the employment and direction of the working forces, the placing and acceptance of contracts, the purchase of the raw material, and the sale of the finished product. The performance of these functions requires a wide knowledge of business, of markets, of methods of distribution, of financial conditions, and of human nature.

It is customary for economists to end the analysis of the factors in production at this point, and to limit the parties to Industry to Labor, Capital, and Management, distinguishing, however, between land and capital, and admitting the owners of land as an additional separate and distinct party. In this treatise, customary business usage has been sanctioned, and land and capital have been combined under the heading of capital as representing forms of wealth used for the production of further wealth, a classification which, while theoretically insufficient, is nevertheless accurate enough to serve most practical purposes in a discussion on the problems of Industry. So long as it is remembered that what is said of the ownership of capital in the strict sense of that word applies equally to the ownership of land, and that when

interest as a reward for the use of capital is referred to, thought must also be had of rent as the reward for the use of land, the single classification may help to avoid needless repetition of thought and expression.[1]

There is a party to Industry, however, which economists are wont to overlook, a party which furnishes opportunity to all the others, and without whose implied sanction and co-operation the other parties could effect nothing. That party is the Community,[2] and of the Community account must also be taken if industrial relations are to be viewed in their entirety. If Labor, Capital, and Management are to be described as co-operating in production, and therefore as partners in Industry, and if the grounds of partnership are those of necessary co-operation in all industrial processes,

[1] Rent as a reward for the use of land is strictly in the nature of interest and differs from "rent" in the economic sense which is in the nature of increment accruing from position, etc.

[2] While the Community comprises the three parties to Industry known as Labor, Capital, and Management, it is not the sum of the three. It is not only something more; it is something different. It is, in reality, a separate and distinct entity. There is good reason, on account of the services the Community renders Industry, for regarding it as a distinct party and deserving of separate consideration.

The use of the word "Community" seems preferable to the use of the word "Public," though the two are often interchangeable. There is greater definiteness about the word "Community." At the same time, it is sufficiently flexible to lend itself to contraction and expansion in meaning where it is necessary to emphasize the area within which a people share a common interest with respect to the subject under consideration.

then the Community must also be admitted to the partnership. Perhaps the Community might, with appropriateness, be designated "the silent partner," since most of its contributions, though substantial, pass unheralded. Let the Community once fail in doing what is expected of it, and Labor, Capital, and Management also necessarily fail in the due performance of their respective services. Industry becomes like some vast mechanism out of gear. The processes of Industry jangle; sooner or later they become silenced altogether.

It is the Community which provides the natural resources and powers that underlie all production. Individuals may acquire title by one means or another, but it is from the Community, and with the consent of the Community, that titles are held. It is the Community, organized in various ways, which maintains government and foreign relations, secures law and order, fosters the arts and inventions, aids education, breeds opinion, and promotes, through concession or otherwise, the agencies of transportation, communication, credit, banking, and the like, without which any production, save the most primitive, would be impossible. It is the Community which creates the demand for commodities and services, through which Labor is provided with remunerative employment, and Capital with a return upon its investment. Apart from the Community, inventive genius, organizing ca-

pacity, managerial or other ability would be of little value. Turn where one may, it is the Community that makes possible all the activities of Industry, and helps to determine their value and scope.

The parties to Industry, then, are four in number: Labor, Capital, Management, and the Community. Five they would be, were Land to be distinguished from Capital, and separately designated. By the joint co-operation of all four, Industry is carried on and wealth produced. Out of the wealth produced comes the reward of each of the several contributing factors. "Wages" is the term applied to the reward Labor receives for its contribution to production; "interest" denotes the reward Capital receives; "rent," the reward paid its owners for the services rendered by Land; and "salary," the reward of Management. The reward to the Community, though not obtainable in the same manner, is not unlike the reward of the other parties. What Labor, Capital, and Management receive as reward is in reality so much purchasing power wherewith to obtain commodities and services. The Community receives its reward in increase of quantity or improvement of quality of services and commodities available in exchange for purchasing power. This gain, it will be seen, is the equivalent of additional purchasing power. The Community is also entitled to reward in the

shape of an orderly organization in the development and conduct of Industry. This is but return in kind for the service the Community renders the other parties to Industry in preserving law and order and promoting orderly organization and peaceful behavior throughout the State.

Whilst doubt and debate may arise as to the extent of the relative services of the several parties to production, and the consequent appropriate reward of each, there can be no question concerning the essential nature of the services themselves, and their absolute interdependence. There can be no doubt concerning the aim which, as parties to production, they have in common. Labor, Capital, Management, and the Community are as dependent one upon the other for the results which their combined efforts produce, and from which all receive the rewards of their services, as a chain is dependent for its strength upon each of its individual links. The quantity and quality of the output from which the parties to Industry are rewarded are as entirely matters of the successful co-operation and co-ordination of their effort as the total of a sum in arithmetic is the result of the figures added together.

Wages, interest, rent, salaries, are paid out of total production, which is never constant, but is an ever-increasing or diminishing flow. The commodi-

ties and services for which wages, interest, rent, and salaries, in the form of purchasing power, are exchangeable represent the sum total of production. On production depends the quantity and quality of output, and on output depends the amount of wealth available for distribution. The total community production determines the total community income. It can be neither more nor less. However opposed the interests of the parties may seem to be as respects the distribution of income derivable from total production, as respects production itself they are concurrent, since it is to the advantage of each that the total available for distribution should be as large as possible.[1]

In conventional treatises on political economy, the factors essential to Industry, and their respective functions would be enlarged upon under the main divisions of production, distribution, and exchange. It is beyond the scope of this work to attempt any such review of economic theory. This study is necessarily confined to a consideration of the single problem of the proper adjustment of the immediate relations which arise between persons engaged in Industry, and to the enunciation of a few fundamental principles, regard for which is in the interest of the parties to Industry, and the

[1] *Vide Memorandum on the Industrial Situation After the War*, par. 144. The Garton Foundation, 1916.

well-being of society. Inasmuch, however, as all that contributes to efficient production, or indeed to efficiency of any and every kind, makes possible a more perfect adjustment of industrial relations, it may be well to point out that the field for constructive effort in this connection is well-nigh unlimited.

Wise governmental policy in the encouragement and direction of Industry, and in the cultivation of domestic and foreign markets, improved methods of distribution, secure and adequate banking, credit, and investment facilities, prudent regulation of taxation and land values, good patent laws, scientific industrial research, industrial training and technical education, — these and many another means of increasing the supply and the reward, as well as the opportunity of Labor, Capital, and Management, and the effective demand of the Community, are, one and all, incentives to increased production, and therefore far-reaching in their possible effects upon the successful adjustment of industrial relations.

A country's population, its area, location, resources, and climate help to determine the nature and distribution of its industries, which are also affected by the position of the arts and sciences, and the stage of development of industrial processes and powers. Policies of government with respect to industry, to trade and commerce, to

transportation and communication, to immigration, education, and finance, are scarcely less important as factors in determining industrial conditions than the ground work which Nature herself provides. Most important is the relative proportion of rural and urban populations. It bears upon the social problems to which overcrowding and congested areas give rise, and upon the cost of living which is mainly a matter of food, fuel, clothing, rents, and taxation. Problems of illiteracy, intemperance, pauperism, unemployment, and the like affect and are affected by industrial conditions. All such problems are partly ethical, and partly economic. As contributing factors to industrial unrest, they are partly political as well. At no point are industrial conditions or industrial relations separable from the influence of Government, Education, and Opinion, or all that immediately or remotely contributes to the direction of these agencies in accordance with what is wise, honest, and just. Nor are industrial conditions and relations between the parties to Industry separable at any point from the play of Discovery and Invention which operates constantly and begets continuous change.

Fundamental beyond all other considerations is the attitude of the parties to Industry toward one another. If the relationship be one of antagonism or hostility, of a regard for *opposed* as contrasted with

common interests, it matters little what the policies or methods governing production may be, the foundations of economic and social development will be insecure. The basic problem of relations between the parties to Industry is one of attitude. On a satisfactory solution, through the elimination of Fear and the establishment of Faith, depends the successful working out of all the rest.

A striking illustration of the degree to which all else is dependent upon the attitude of the parties to Industry toward each other, was foreshadowed in a statement issued to the parties to an industrial controversy in England, on February 1, 1918, by the Right Hon. Arthur Henderson, the Leader of the Labor Party in British politics and former member of the War Cabinet. Referring to a threatened strike of members of the Amalgamated Society of Engineers, and the hesitancy of the British Government in conceding a separate conference, Mr. Henderson said, "The temper of the workmen is most dangerous; the unyielding attitude of the Government is bringing the country to the verge of industrial revolution, and unless a more just and reasonable attitude is adopted, I am seriously apprehensive that an irreparable break between an important section of industrial labor and the Government will result." The reference is the more significant in that the parties mentioned are not Labor and Capital, as is generally the case, but

Labor and the Government; in other words, Labor and the Community, assuming, that is, that Government as constituted in these abnormal times may be regarded as representative of the people as a whole.

It must always be remembered that, while Labor, Capital, Management, and the Community are abstract terms, in the concrete each is concerned with individual human beings, possessing, controlling, or constituting a part of one or more of the essential factors of production. Since all industrial relations are necessarily interwoven with community activities, it follows that the personal contacts of which Industry is required to take account are well-nigh innumerable. Obviously the attitude of the parties toward each other is everything when it comes to a matter of the adjustment of relations between them. Co-ordination of function as regards the several factors is a small problem compared with the interminable adjustments in the relations of individuals on the satisfactoriness of which all co-operation necessarily depends. To effect co-operation and co-ordination of effort between the parties to Industry, little more than ordinary human intelligence is required, where there is belief in a common aim and in common justice. Without some such underlying confidence, the highest intelligence may be set at naught.

Assuming the existence of a right attitude toward each other, on the part of the several parties to Industry, the rest is so simple as to be almost a matter of mathematical calculation. Were the available Labor and the available Capital to be graphically portrayed in circles so described as to be of equal area, the representation would be inadequate to afford a conception of the possible extent of Industry and consequent total production. That would depend upon the relation of these two circles to each other, and upon their joint relation to circles representative of the other two parties, Management and the Community. If, likewise, all the Intelligence available for the direction and co-ordination of effort could be portrayed in a circle so described as to equal in area the circles representative of the available Labor and the available Capital, then if the three circles could be so related that at all points they bore an equal relation to a circle representative of the Community, there would be a graphic presentation suggestive of the possible extent of production of Industry, and of its perfect co-ordination as well.[1]

What, theoretically, the possible extent of output and the effective co-ordination of effort in Industry at any given moment may be depends upon

[1] The reader is here referred to the Appendix, Chart No. I, illustrative of the nature of industrial relations.

the position of each of four circles representative of the parties to Industry in its relation to the other three. If any of the four circles be removed in area from the other three, that is to say, if, in the conduct of Industry, available Labor or available Capital, or Intelligence available for directing and co-ordinating effort, or the Community's contribution, diminishes relatively to any one or two or three of the others, co-ordination of effort within Industry and possible production will be adversely affected thereby. Some Labor, some Capital, some Directing Intelligence, or some portion of the Community's contribution will be rendered relatively superfluous. Whether the whole be viewed, or only a part, the output of Industry depends upon the extent to which available effort is successfully directed and co-ordinated with the results of previous effort, and upon their joint-relationship to the Community. In other words, the output of Industry is a matter, first of all, of the available Labor and the available Capital, and their adjustment by available Management in relation to the contribution and needs of the Community.

Where there is no Community, there can be no production. Where Labor, Capital, or Management is unavailable, to that extent production will be limited. Available Labor and available Capital are not sufficient unto themselves. Neither are available Labor and available Management, nor

available Capital and available Management. All are essential. All must co-operate; the functions of all must be properly co-ordinated. Otherwise they become negative or opposing factors. In a word, in so far as relations between Labor, Capital, Management, and the Community are not properly adjusted, production is adversely affected; and in so far as they are ill-adjusted they make for confusion, not for progress.[1]

It is only necessary to contemplate the number, extent, and variety of industrial processes as carried on in this age of world-wide competition to realize how essential is continuous co-operation between the parties to Industry, and of what magnitude is the work of intelligent and effective co-ordination. At the one extreme lie the resources of nature scattered over the surface of the globe, much as they have been through the silent centuries of the past. At the other extreme are the innumerable commodities into which natural resources have been transformed. It is the aim of Industry so to transform the resources of Nature that they may be made adequately to satisfy human need and desire. At the beginning of the process there is little if any relation between natural resources and the needs and desires they ultimately

[1] The reader is here referred to the Appendix, Charts Nos. II, III, and IV, illustrative of the several parties to production, progress in Industry, and contributing factors and forces in industrial relations.

serve. At the end, they are related to human need and desire, in form, in quantity, in quality, in time, and in place. Between the two extremes there is endless interweaving of human effort expressive of activities of the most varied kind.

Out of the several classes of activities have developed industrial establishments of all sizes and descriptions, including plants and their equipments, warehouses, retail stores, and the many agencies and vast systems of transportation and communication. There have also been evolved numerous agencies of government and all those institutions and practices which have to do with money and the mechanism of exchange, the systems of banking and credits, the stock exchange, brokerage, insurance, speculation; in a word, all that pertains to finance on a national and international scale. No one of these myriad agencies and institutions distributed and operating over all quarters of the globe is self-sufficing. In greater or less degree, each is dependent for its continued existence upon co-operation with many of the others.

Wherever, within the myriad processes of this vast and complex maze of world-wide, inter-related human effort, there is active co-operation and intelligent co-ordination, there progress in Industry is being made. Wherever co-operation and co-ordination of effort fail, there production is inhibited or confusion results.

Community activities of all kinds are dependent upon the maintenance of Industry, just as the maintenance of Industry is dependent on Community activities. Consequently co-operation and co-ordination of effort, between the activities concerned primarily with Industry and the activities of the Community apart from Industry, are second in importance only to co-operation and co-ordination of effort within Industry itself. Industry sustains life, and no form of Community activity is possible for long without it. If this be comprehended in its full significance, it will be seen that the common aim of the parties to Industry is vaster than merely that of joint-production in order that the total wealth available for distribution may be as large as possible; and that Industry is not to be regarded as a mere revenue-producing process pursued for purposes of private gain. Industry will be recognized as the most necessary of all the institutions human ingenuity has devised. Participation in the processes of Industry will be seen to be in the nature of social service; and social service of the very highest order, since it is of a kind on which all other service whatsoever depends.

Clearly, in an objective so stupendous, no *form* of organization is sufficient of itself to guarantee the co-operation and co-ordination of effort which will serve to unite the parties to Industry in a perfect harmony and in the furtherance of their com-

mon aim. A solution of the problems of Industry is not to be looked for in forms; something more vital than forms is needed. A new spirit alone will suffice. This spirit must substitute Faith for Fear. It must breathe mutual confidence and constructive good-will. It must be founded on a belief in an underlying order which presupposes between individuals, not conflict, but community of interest in all that pertains to human well-being. Once such a spirit is imparted to the parties to Industry, once it is accepted with all that it presages of individual gain and public service, Industry itself will win a new position and a new vitality, and prosperity will follow in the wake of industrial enterprise. Such will be the outcome whether we think of Industry as limited to men engaged in a single process, or as comprising the races and the nations which embrace mankind.

CHAPTER VI

THE BASIS OF RECONSTRUCTION

Some years ago, I brought to my summer home at Kingsmere, in the province of Quebec, a sun-dial which I had come across in Boston, in what was formerly the basement of a church. In the changes which cities undergo, the church basement had become a place of business, a transformation more or less characteristic of the modern world since the days of the Industrial Revolution. The dial bore the significant date, 1777. It was evidently made in the first years of American Independence, after the severance of relations between Great Britain and her kin beyond the seas.

Kingsmere lies amid the Laurentian Hills. The Laurentians are the earth's oldest hills, the first mountains that emerged above the waters by which at one time the earth was covered. Geologists say that nowhere else in the world can the early geological periods be studied with so much ease and precision. Upon the exposed surface of the Laurentians is to be found the oldest form of life traceable in the past history of the globe. There, among these ancient associations, on the edge of a slope, overlooking a sequestered lake, I placed the new-found sentinel of Time.

There was something romantic in all that the dial, thus placed, suggested of historic interest and the mutations of the years. The fires of the forge in which it was made had been hot in their resentment toward Britain. With changed location, its pedestal had become the near companion of a staff flying the British flag. It belonged to the oldest instruments Invention had designed for recording time. Kingsmere seemed to afford it an abiding place amid surroundings which were eminently fitting. It was of the very part of the Laurentian Hills in which it stood that Francis Parkman, himself a citizen of Boston, and a graduate of Harvard University, wrote: "In these ancient wilds, to whose ever verdant antiquity the pyramids are young and Nineveh a mushroom of yesterday; where the sage wanderer of the Odyssey, could he have urged his pilgrimage so far, would have surveyed the same grand and stern monotony, the same dark sweep of melancholy woods, — here, while New England was a solitude, and the settlers of Virginia scarcely dared venture inland beyond the sound of a cannon-shot, Champlain was planting on shores and islands the emblems of his faith." [1]

The dial seemed to suggest thoughts such as these of Canada's historic background. It was

[1] *Pioneers of France in the New World*, vol. II, p. 199. Frontenac Edition. Toronto, 1900.

equally a source of delight in what it recalled of Harvard days. I had yet to see it was to witness the English-speaking peoples reunited in the cause of Freedom, and to see wherein it, too, was to prove a mighty emblem of Faith.

As all who are familiar with sun-dials know, they consist of two parts — the *style* or *gnomon*, usually the edge of a plate of metal or a small rod, always, when in position, parallel to the axis of the earth, and pointing to the north pole; and the *dial-face*, on which are marked the numerals descriptive of the hours of the day. The time is shown by means of the shadow cast by the sun from the *style* upon the graduated surface of the *dial-face*. The forms which may be given to dials are almost infinite. The most common form is the horizontal dial, having the plane of the dial parallel to the horizon, and constantly making with the style an angle equal to the latitude of the place, since the style must always point to the north pole.

Marvellous as is the precision with which this little instrument records the hours of the day, more wonderful still is the fact that it simultaneously discloses with accuracy the points of the compass in an exact relationship to the hours. At mid-day, the sun's shadow is directly over the hour XII. The line made by the shadow points like a slender arrow with equal precision to the north. Once in true position, the dial not only

suggests, but is irrefutable evidence of a perfect order and a complete harmony in all that pertains to Time and Space throughout the physical universe.

If such an order exists in Nature; if, looking upon the face of a dial, we are able to know at a glance the hour of the day, the points of the compass, the direction of the earth's axis, and the latitude of the place in which we stand; if all material things of the heavens and of the earth are thus related in a perfect harmony which the human intelligence is able to grasp; is it conceivable, is it rational to believe that underlying the social relations of men and of nations, an order is not discoverable somewhere, obedience to which will bring as perfect a harmony?

In the chaos which envelops human relations throughout the world to-day, has the time not come for search after such an order? When the War is over, if reconstruction is to be in accordance with methods which afford promise of enduring results, will it suffice to return to attitudes and practices which have brought unparalleled suffering to mankind? Is not all that Humanity has been called upon to endure, evidence of a wanton departure somewhere from the purpose of God among men? We know whence the deviation has arisen. It is in our industrial and international relations. We have turned the dials of human con-

duct to commercial uses when they were intended as guides to the divinity which lies everywhere about us. Consecrated as we now are to a higher service, can we not begin anew, this time with belief in Divinity, and accepting some law which evidences a divine order, seek out the rules of conduct and methods of organization which accord with the principles it suggests. The sun-dial reveals to us that, in the physical universe, *position* is the secret to the discovery of design. Why should we not commence with what in human relations corresponds to position in Nature, and try first of all *a new attitude*, an attitude of Faith instead of the time-worn attitude of Fear. The conception of Industry as in the nature of social service affords us the foundations of such an attitude. A belief in our fellow men equal to that which we have in ourselves is all that is necessary to remove the *human blindness* which for so long has made us strangers to one another, and ofttimes enemies as well.

A right attitude of the parties to Industry toward each other is essential to the success of any efforts at reconstruction. Given an attitude of mutual confidence and constructive good-will, industrial reconstruction becomes the problem of effecting co-operation between the parties to Industry and co-ordination of their functions so as to ensure the utmost freedom in the interweaving of human

effort. In a process so vast and infinitely detailed as Industry, this is possible only through general adherence to rules of conduct and methods of organization based upon principles which accord with some law sufficiently comprehensive to bring all essential elements within its operation.

The Law of Peace, Work, and Health, discovered and enunciated by Pasteur, is such a law.[1] It points the way to co-operation between the parties to Industry, and to co-ordination of human effort, on a scale as enduring as it is universally applicable. It is a law applicable alike to Industry as a whole, and to the minutest relations arising in its individual processes. Moreover, it is as applicable to international as to industrial relations. This is true both of the principles founded upon this law, and of the rules of conduct and methods of organization based on these principles.

Some will say the Law of Peace, Work, and Health is a mere abstraction. To this it may be answered, the Law of Peace, Work, and Health is not more of an abstraction than the Law of Gravitation, the Law of the Conservation of Energy, or the Law of Evolution, upon which Science has proceeded to interpret the physical universe. In the case of each of these so-called "laws," Science has

[1] The reader will find the passage in which the phrase "The Law of Peace, Work, and Health" appears, and which is quoted at page 4 of this book, in *The Life of Pasteur*, by René Vallery-Radot, vol. II, p. 222. Constable, London, 1911.

ventured to explain certain facts of the material universe by means of hypotheses which make these facts intelligible and reasonable. In each case she has put forth a proposition in accordance with which it is possible to give sequence, orderly relation, and meaning to what otherwise would be unrelated and inchoate elements. If the physical universe is rational and can be understood, is it not reasonable to suppose that, in the field of human relationships, as respects human right and obligation, there are also laws which govern conduct in accordance with previous thought?[1]

Pasteur, who first used the expression "the Law of Peace, Work, and Health," was as familiar with the methods and the significance of the terminology of Science as any man who ever lived. When he spoke of this law, and of "the Law of Blood and of Death" to which it was opposed, he was seeking, not to coin abstract phrases, but to give to mankind a working hypothesis whereby in the study of human life a meaning might be accorded social relations which would be intelligible and reasonable in a universe the outcome not of Chance, but of Mind.

The Law of Gravitation asserts that there is operating throughout the universe a force by which bodies are drawn or by which they tend toward the

[1] The reader is referred to part II, chapter III, *The Assurance of Immortality*, by Harry Emerson Fosdick (New York, Macmillan Co., 1916), quotation from which source is hereby acknowledged.

centre of the earth. The Law of the Conservation of Energy asserts that force in the universe is persistent, that it cannot be destroyed or augmented. The Law of Evolution asserts that in all things organic and inorganic there has been a development from simplicity to complexity, a gradual advance from a simple or rudimentary condition to one that is more complex and of a higher character. In each case, the designation "Law" is given to the sequence described, not because it is something which has been absolutely demonstrated, but because it is supported by so many confirming facts; admits of no exceptions, in explaining the workings of certain known phenomena in accordance with an unbroken order reigning throughout the universe; and accords them a place in a plan which is capable of intelligent explanation. A universal cosmic order which is wholly rational and law-abiding is the fundamental assumption of all Science. It assumes that those propositions are true which are necessary to make the facts of life intelligible and reasonable. It was in precisely this spirit, like Newton, like Copernicus, and like Darwin, that Pasteur, with his highly trained intelligence and deep human sympathies, asserted a truth his scientific insight had divined whereby meaning and rationality is given to a class of social phenomena which have an important bearing on the whole of human life.

Having ascertained the existence of a law, scientists proceed to construct theories and frame principles which are in accord with it, and which are capable of application in practice. As scientists have proceeded in this fashion, they have helped to bring order out of chaos.

Amid a mass of phenomena more varied and intricate, and more subtle and elusive than any the physical universe displays, Pasteur has given to mankind as searching and profound an analysis of the fundamental causes of human progress and human failure as has ever been given. We may well proceed to test human conduct by the laws he has disclosed. By gaining understanding of the law which is necessary to rationalize the facts of experience, and give reasonableness to human life in its social relations, we should be able to unfold the theories and principles which, practically applied, lead to the ultimate triumph of an order capable of rendering Humanity enduring service.

Substituting a spiritual interpretation of life for the materialistic interpretation of the universe, an order which implies ultimate perfection in human character, and consequently in all human relations, is alone consonant with a conception of Deity equal in scope and reasonableness to that accorded Intelligence in "the universal cosmic order," which is the fundamental assumption of science. The Law of Peace, Work, and Health gives to social

relations a place which is capable of intelligent explanation, in an order implying ultimate perfection. Like the Law of Gravitation, the Law of the Conservation of Energy, and the Law of Evolution, the Law of Peace, Work, and Health suggests in its nomenclature the sequence it embodies. Presenting resemblances to the Law of Gravitation in the physical universe, it asserts that in the realm of human intercourse there exist rules of conduct and methods of organization which incline all effort towards successful co-operation and co-ordination in a manner that develops personality and promotes social progress. With aspects akin to the Law of the Conservation of Energy, it asserts that these rules and methods can lose none of their inherent worth, that they never fail. And like the Law of Evolution, which recognizes a gradual advance from a rudimentary condition to one of a higher character, it asserts continuous development from imperfection toward perfection in individual personality, and the well-being of human society.

The Law of Peace, Work, and Health is a part of the larger Order which sustains a divine creation, and which evidences a universe begotten of a beneficent Deity, not a world the outcome of Chance, nor even of Intelligence, limited to the direction of Matter and Force. In industrial and international relations, the Law of Peace, Work, and Health is made to prevail through regard for the

individual as an end in himself, not merely as a means to an end. Its application therefore demands clear discernment between human and material values, between the spirit which gives life, and the material form which accords an outward expression. Above all else, it calls for recognition of the sacredness of human personality. The principles founded upon this Law take the form of rules of conduct or methods of organization which tend to eliminate Fear and to establish Faith between the individual and his personal and material environments. Escape from domination, and a sense of freedom is the reward of obedience to this Law, a freedom not denied the humblest being in God's creation.

There was scientific insight, not less in the comprehensiveness of the factors Pasteur named than in the circumstance of their co-ordination. Peace, Work, and Health are inclusive of all conditions essential to effective co-operation between the parties, and to co-ordination of effort in Industry. Not less remarkable is the fact that in all industrial and international relations they are inseparable. The three are necessary if there is to be perfect freedom in the interweaving of human effort. Whatever tends to advance the one, tends also to advance the others; whatever tends to destroy the one, tends to destroy the others also. Such prog-

ress as Industry or Society makes under conditions inimical to any one or all of the three is in spite of, not in consequence of, such conditions, and is always at some sacrifice because of them. Not only are Peace, Work, and Health inter-related, they are also interdependent. They are perfectly co-ordinated in this one law through its accord with an underlying order which manifests itself now in this principle, now in that, and which operates through all alike to the increase of Faith and the casting out of Fear. The Law of Blood and of Death is a contrary law. It substitutes Fear for Faith, and by breaking the harmony between Peace, Work, and Health, forces discord into the whole of life.

Most of the confusion in Industry has arisen through failure to appreciate the interdependence of the constituent elements of this one law. Too generally it is assumed that the Labor Problem, so called, is a problem concerned exclusively with Work, and that it is something distinct and apart from the problems of Peace and of Health. The three are indissolubly interwoven. They are inseparable elements of the vast relationship described by the words "Industry and Humanity" and which through world-wide interweaving of human effort unites mankind in an enterprise that encompasses the globe.

In considering the application of principles

founded on the Law of Peace, Work, and Health, the multiplicity of the relations arising in Industry should occasion no concern. Careful study reveals that though complex and numerous, they are capable of very simple classification and arrangement. Theoretically considered, they will be seen to grow out of a fundamental relation in the nature of an agreement between the different parties, to unite in the work of production. As an agreement the relationship necessarily presents three component features: its parties, its terms, and the methods of its execution. It matters not how many the parties, or what their race, creed, age, sex or nationality, or how numerous or different the terms, or how varied and extensive the methods by which production is carried on and distribution effected; at some point or other, each and every factor embraced in the category of industrial relations will be found to have its appropriate place as pertaining to one or other of these three constituent elements of an agreement, expressed or implied.

If, as concerns each of these three constituent features of what we may call the industrial agreement, we have regard for the Law of Peace, Work, and Health, or, in other words, for the principles underlying peace, work, and health in their bearing upon industrial standards, we shall have all that it is essential to consider, all, in fact, that broadly

interpreted it is possible to consider with respect to industrial relations.[1]

A perfectly adjusted industrial order would be one in which there was due regard for the principles underlying peace, work, and health as applied to relations in Industry in respect to the parties, the terms of the industrial agreement, and the methods of executing the terms. The existence of such a perfectly adjusted industrial order would be found to disclose a perfectly organized political order as well. For if, in all the relations within Industry, there existed perfect adjustment, the habit of mind of communities would be such that, in the domain of politics, variation from the laws applicable to Industry would be unnatural.

Though such perfection is not to be expected, it is an ideal toward the attainment of which every individual in his relations with others may strive. While local effort may seem of little avail in the arena of world forces, it is well to remember that world forces themselves are none other than the sum-total of lesser influences. While an influence, in one locality, may be exercised in a manner wholly unrelated to like efforts elsewhere, a union of forces may be effected in most unexpected ways. United influences are themselves augmented by a law of acceleration, as applicable to forces at work in hu-

[1] The reader is here referred to the Appendix, Chart No. V, illustrative of the Law of Peace, Work, and Health, in relations within and without Industry.

man relations as to physical forces in the material world.

The collective will is not something superimposed; it is a consensus of individual wills. If Society is to be reconstructed for the greater well-being of mankind, it will find the lines of enduring development, not in the uncertain changes which great upheavals effect, but in the general application to Industry and International Polity of principles which have a bearing upon the whole of life.

It is not extent or forms of organization, nor amounts or methods of remuneration in Industry that will solve industrial problems as they arise, but the application of right principles to the human relations which the contacts of Industry occasion. Forms and methods, organization and equipment, remuneration, and government in Industry, all these play a part; but the test is not with them. It lies in the principles on which they are founded. To discover the ideas that accord with the fundamental law of progress and to make prevail the principles which embody them, is the one and only way of unifying and wisely directing world influences which, properly controlled, are ever ready to obey the will of man to the promotion of his highest good.

The circumstance that the processes of Industry are constantly undergoing change, that the numbers employed tend ever to increase and the area of

activity ever to expand, may render it increasingly difficult to approximate the many factors and influences at work; it in no degree alters what is fundamental in human relations, or the unfailing operation of right principles effectively applied. The principles underlying Peace, Work, and Health applied to any of the innumerable relations of International Polity or of Industry cannot operate other than for the good of the whole. As their application is effected now here and now there, now in this relationship, now in that, now within this community, now within that, whether within Industry or without it, so gradually the whole becomes transformed. Wherever an advance is made, the forces of blood and death are compelled to retreat before a law of life which tends not toward destruction and annihilation, but toward an ever-increasing vitality in Industry and all that Industry sustains.

A pebble thrown into a pond produces a disturbance which radiates in expanding circles from centre to circumference, and a movement at any point on the circumference occasions a countermovement toward the centre and across the surface of the whole. So it is with an influence freed in a community, or an idea thrown into the thought of the world. Within Industry, and within the Community in which Industry is carried on, forces in accord with the principles underlying Peace, Work, and Health, and ideas born of their sway, act and

react in ceaseless motion on an ever-widening scale. Right ideas, once apparent, gain acceptance to the exclusion of wrong ones. Confusion and conflict, however discouraging and disheartening, are but the evidence of the wrestling of contrary laws, and therefore of the need of keener discernment and heightened zeal in the application of right principles. Sooner or later men will come to see that only that course of conduct which is capable of indefinite application and unlimited expansion should be maintained.

In the endeavor to make a right order prevail through the application and co-ordination of principles that underlie progress, Society has at hand the powerful agencies of Discovery and Invention, Government, Education, and Opinion.[1] Each has demonstrated its capacity to further human well-being. All to-day operate on an hitherto unparalleled scale. Right principles respecting Peace, Work, and Health are not confined in their operation to any particular phase of industrial development, or to Industry within the confines of any one state.

[1] The reader is here referred to the Appendix, Charts Nos. VI and VII, illustrative of the action and reaction of Discovery and Invention, Government, Education, and Opinion in relations within and without Industry; also to Charts Nos. VIII and IX, illustrative of the parties to Industry, the terms and working out of industrial agreements, and suggestive of contributing factors and influences. Charts Nos. VIII and IX are also intended to be more or less suggestive of the many factors and influences of which account has to be taken in any comprehensive study of industrial relations.

They apply equally in all countries and at all times. Moreover, the same principles are as applicable to international as to industrial relations. They are the one foundation upon which Industry and Nationality may build in common, not with jealous fears which industrial and international rivalries too often beget, but in the spirit of lofty emulation and co-operation by which a universal brotherhood is ultimately to be achieved. Fraught with such vast significance to mankind, the discovery of any right principle surely merits painstaking investigation, and its application persistent effort. The task is one which requires patience and perseverance. Endeavor may be sustained and ennobled by the thought that in the art of adjusting the relations of men, as in the researches of science, a regard for the infinitesimally small is the one sure path of approach to the attainment of the infinitely great.

CHAPTER VII

PRINCIPLES UNDERLYING PEACE

Upon the ancient precept, "To do justly and to love mercy," are founded all the principles which underlie Peace. Upon it are founded also the principles which underlie Work and Health. In a spiritual interpretation of the universe, Justice and Mercy are the agencies which make of the world one vast brotherhood. Under their beneficent power, there is not, in all the relations of Industry or Nationality, a bond which may not be loosed, nor a yoke which cannot be broken. They are of the essence of the divine order which sustains mankind, and by which, ultimately, it shall be redeemed.

Justice and Mercy imply discernment between material and human values, and a recognition of personality. They evidence a spirit of consideration and constructive good-will which alone is able to impart vitality to rules of conduct and methods of organization framed with a view to its expression. They are at the root of confidence in industrial and international relations, and more than all else lead to the belief in *common* as contrasted with *opposed* interests in whatever is of concern to the parties to Industry and to rival nations. Justice and Mercy are the most potent of influences

in the elimination of Fear and the establishment of Faith between individuals and their personal and material environments. They beget a sense of freedom, and subdue the desire for domination. They instil a consciousness of harmony, which is all that is meant by Peace. Conceived in its many aspects, whether as applied to individuals or to communities, Peace connotes physical, mental, and moral harmony; that is why Peace is inseparable from Work and Health.

To do justly, and to love mercy: these are living principles; they are spirit and life, not mere letters of a law. Like Truth and Love, they are part of "the indwelling of the Spirit that moves in life," the one incontrovertible manifestation of God in man. How to transfuse this living force is our problem. Let us recognize at the outset that it resides in men, not in things; that it is kept vital, as Bergson has pointed out, only by counteracting the tendency of every formula to crystallize the living thought that gives it birth; of the idea to be oppressed by the word; and of the spirit to be overwhelmed by the letter. *Rules* of conduct and *methods* of organization are instruments we are obliged to employ, but they are only instruments. They are the insignia upon the face of the dial of human relations, and are useless, save where they reveal the spirit to which they are intended to give external and visible manifestation.

I

Industrial and international relations, being essentially human relations, have their origin in personal contacts. It is with respect to the contacts to which Industry and the State give rise that the work of eliminating fear and suspicion and of establishing faith and confidence, necessarily begins. Nor does vast organization make any difference, save to emphasize the significance of the personal equation.

What in the simpler relationships of Industry is a matter of inspiring faith between individuals becomes, with the expansion of Industry, the more difficult problem of the maintenance of confidence between groups. The art of establishing relations of confidence between expanding groups in Industry is akin to the highest of the arts of statesmanship. It demands the same order of ability as is required to preserve peace and harmony between diverse elements that compose a nation. The intricacy of the task is apparent once it is seen how individuals are cemented by race, creed, or sentiment, which may reflect bodies of opinion quite different, if not actually antagonistic.

In the expanding circles of interest, which in Industry come to resemble the so-called "spheres of influence" in international diplomacy, situations arise quite as critical, and demanding just as

delicate adjustment, as any questions which present themselves in world politics. Indeed, a fundamental error in coping with industrial problems to-day is the failure to recognize that industrial questions have become increasingly the concern of politics. When this is realized, nations will take stock anew in essential qualities of leadership alike in the State and Industry.

In establishing confidence, for that is all that the elimination of fear, distrust, and antagonism amounts to, too great emphasis cannot be placed on personal character. It is singular how men who see this so clearly in domestic relations lose sight of it so often elsewhere. In Industry and Politics it seems to be assumed that an individual has but to become identified with a position for his character to take on befitting attributes. A very ordinary individual becomes a member of a Board of Directors, or of a Cabinet, and thereupon a sort of halo encircles his brow. In his own estimation and in the popular imagination, he may become endowed with all the virtues of his office.

Unearned increment attaches to reputation, just as it does to property. Mere position counts for much. This circumstance emphasizes the importance of character as a first requisite in persons endowed with influence and authority. Disillusionment in such cases shatters confidence, and works

irreparable injury to honest and generous souls. He who has lost confidence can lose little more. It is faith which bestows upon the occupant of a position the dignity or honor that attaches to it. Establish confidence between individuals, and all the nobler impulses and emotions are freed.

Beneath character lie its essential elements. Possessed of a sense of fair play; "on the square," as they say; being considerate and humane;—these, more than any other qualities, embrace, in a concrete way, what men like to find in character as it expresses itself in the all-round relationships of Industry and Politics. What are these qualities other than the embodiment of Justice tempered by Mercy! In those who possess and in those who encounter them, they preclude meanness, dishonesty, and indifference in their many forms. Where square dealing and open and above-board treatment make themselves felt, there can be no neglect of grievances, either real or imaginary; nor can there be long continuance of underhand methods and deceptive practices. It is injustice and deception that lie at the root of political and social unrest.

However much in Industry or in the State the circle of relationships widens, at every point of personal contact, from centre to circumference, character remains the basis of confidence, and is essential in the preservation of peaceful relations.

Character being important in transactions between individuals, how increasingly important it becomes where numbers of individuals act in corporate capacities! Where the growth of Industry no longer permits immediate relationships, a new responsibility devolves upon principals and those who act as their representatives.

Labor and Capital in their mutual relations have everything to gain from character in their representatives. Entire organizations gain or lose standing from the kind of agents and leaders who represent them. Some industrial corporations have reputations which make dealings with them on the part of Labor next to impossible, not because they are corporations, nor because of shareholders or directors, but because of the known character of some one executive officer. Similarly, there are labor organizations that cannot get anywhere in negotiations with employers, not because they are labor organizations, nor because of their membership, but because of the character of certain of their representatives. In practically all of the controversies between corporations and trade unions of which I have had direct knowledge, with but one or two exceptions, what has militated against successful collective bargaining has been, not an unwillingness to deal with organizations as such, but rather an entire want of confidence in the character of individuals, or in their ability to carry

out pledges and to implement agreements. Nor has lack of faith been confined to Capital only. I have seen mistrust justified on the part of Labor. Where a corporation attorney has once bribed an official of a labor organization, sooner or later both the corporation and the labor organization come to hold each other in contempt. It matters little by whom a bribe is given or by whom accepted, the entire organization, be it an organization of Capital or of Labor, comes to share the taint of an immoral transaction and to suffer under the reputation of it.

It is the same with keeping faith in understandings and agreements as with attempted negotiations. Individuals or corporations, whether representative of Capital or of Labor, whose word is not as good as their bond, or whose bond proves fraudulent, have never quite the same chance again. Reputations there are that shadow men and organizations through the years, and for one "Hound of Heaven" which follows to redeem, there seem to be a dozen Hounds of Hell ever ready to destroy.

Character as an inspirer of confidence is important in subordinates not less than in high officials. Acts of tyranny and dishonesty on the part of an arbitrary or ill-principled foreman or superintendent may do more injury to an industry than the most liberal reforms instituted by high-minded directors and managers may offset in years. More-

over, subordinate officials, through the power and authority vested in them, which very often enables them to conceal their own shortcomings, may keep the real cause of disturbances undiscovered. The record of strikes is full of instances of the arbitrary acts or favoritisms of petty officials being responsible for all the trouble. The unwillingness of superiors to review the actions of subordinates has many a time cost industrial enterprises much more than the salaries of all their officials combined.

Confidence is essentially a belief in integrity and impartiality. Men will overlook errors of judgment where they will not tolerate duplicity. Human nature is ready enough to forgive mistakes, but it will never forgive deliberate injustice. The one is indicative of limitation of character, but the other is evidence of inherent defect. That is why there should always be an appeal from those in subordinate positions to others higher in authority. It is a true instinct which causes men to resent arbitrary conduct. The less intelligent officials are, the more apt they are to make mistakes. No one expects pit bosses in mines or foremen of works to have the sagacity of managers. That is why the workings of collieries and large industrial establishments should never be at the mercy of pit bosses or foremen, if it is at all possible for the management to avoid it.

There is a further reason why persons high in

authority should be careful in the selection of those who represent them, and be held responsible for their acts. Subordinate officials come in direct contact with the forces of Labor. The impression left upon the mind of Labor as to the attitude of Capital and capitalists generally may be good or bad in direct proportion to the attitude of subordinate officials. To the worker, unable to judge of a condition beyond his immediate point of contact, the nearest official directly represents the attitude of the employer toward all Labor in the industry concerned. The only opportunity many a workingman has of forming any impression of the heads of an industry is through the kind of men placed in immediate authority over him, and through the sort of justice he sees meted out to his fellow workers and himself. This is particularly the case where, as so often happens in large industries, the workers are of foreign extraction knowing little of the language and customs of the countries to which they migrate. All too often, foreigners get their impressions as dumb beasts get theirs, through the kind of treatment they receive.

It matters little whether a workman speaks the prevailing language of the country or not, he will invariably resent the efforts of an official to convey the importance of his position by severe language and affected mannerisms. The commonest faults of officials lie in personal bearing and address, in

an unwillingness to give immediate attention to grievances, and in favoritism as between workmen. Men whose work is that of directing other men cannot be too considerate in attitude, too attentive to irritations, or too impartial. The art of obtaining co-operation by methods other than those of force requires some understanding of human nature, and a little sympathy with its shortcomings. Men who do not possess these qualities, in addition to technical knowledge, should never be placed in positions of authority.

The farther removed, either in position or actual distance, those at the head of an industry are, the greater becomes the responsibility, first to select wisely the men to whom authority is to be delegated, and, secondly, to make sure of its proper exercise. This becomes a double responsibility where capital employed in a business represents the investments of others. There is a responsibility to workers who give their labor, to see that they are accorded fair treatment, and a responsibility to investors who loan capital, to see that their profits are in no wise the fruit of injustice.

Mr. John D. Rockefeller, Jr., spoke from wide experience and exceptional knowledge when he told the engineering classes of Cornell University that, while theretofore the chief executives of important industrial corporations had been selected largely because of their capacity as organizers or financiers,

the time was rapidly coming when the important qualification for such positions would be a man's ability to deal successfully and amicably with Labor.[1] The responsible head of every industry should possess the disposition to treat justly and humanely all workers under his jurisdiction.

In these days of big business, when activities of the largest industrial corporations are no longer merely national, but international and even world-wide, all-round responsibility for working conditions and for the treatment accorded Labor in Industry requires ampler recognition than it has thus far gained. Where, as under the domestic system of Industry, the employer supplied the necessary capital and himself directed the business, responsibility was plain enough. The personal relationship was immediate and its obligations were self-evident. To-day, large corporations are made up of stockholders, directors, executive officers, and employees. The stockholders provide the capital and remain the real, though the unidentified, employers of Labor. Personal relationships between stockholders and employees have all but wholly disappeared. It cannot be pretended, however, that with the disappearance of personal relationships, personal responsibility has also vanished. Wage-earners, because no longer able to trace the source

[1] *The Personal Relation in Industry:* Address delivered on the occasion of Founder's Day, January 11, 1917.

of capital which unites with their labor in the work of production, are not free to regard themselves as exempt from the full performance of services for which they receive remuneration. No more have shareholders, in the acceptance of dividends, the right to regard with indifference conditions under which Labor is obliged to perform the services that gain productive returns for investments.

The responsibility of an individual stockholder in a corporation is in proportion to his interest. The circumstance that the expansion of Industry and the form of industrial development render impossible the exercise of this responsibility through immediate personal relationships, increases rather than lessens responsibility for its rightful exercise on the part of all who act in a representative capacity. In practice, stockholders confine their function to voting for directors who represent their interests and to endorsing recommendations. The stockholder who realizes no further duty has failed to appreciate the right relation of Industry to Humanity. Whilst avoiding immediate personal responsibility, he must, where injustice exists, share the enduring condemnation of those who are indifferent to the conservation of human life.

Directors are charged with the great responsibility of developing the policies of corporations, of selecting their officers, and of seeing that corporations are properly managed. In practice, this responsi-

bility has been recognized more in relation to strictly financial and business aspects than with respect to determining labor policies. Emphasis has been upon material considerations of plant and equipment, output, prices, and profits, and not sufficiently upon human considerations applicable to industrial standards, which under a spiritual interpretation of life are necessarily of first concern. Attention has been concentrated on problems of finance and organization to the subordination of the intricate questions involved in the handling of Labor. It is with respect to labor policies and their administration, more than to aught else, that the old order in Industry must give place to a new.

The responsibility of directors of large corporations for labor policies, and for the methods of their administration, is far from being as clearly recognized and accepted as it should be. Indeed, there are important corporations which have openly disclaimed any such responsibility on the part of directors. There can be no defence for such an attitude. The claims of human life are superior to those of material gain. In their right and power to shape policies, directors hold, so to speak, the consciences of those who employ Labor through the investment of capital in Industry. The authority of directors as respects policy is unlimited. It should be fully exercised in determining working conditions and the standards of justice by which the

relationships of employer and employed are to be maintained. It should reach even farther. It should embrace responsibility for the spirit in which all industrial policies are to be made to prevail.

Personal acquaintance with conditions and with Labor on the part of directors, as well as on the part of officers and stockholders, is a substantial guarantee against the sort of injustice that breeds discontent and fosters strife. Frequent visits to industrial establishments and inspection of industrial premises by those in authority cannot be other than fruitful of good results. The wider the circle of acquaintances formed on such occasions, and the closer the first-hand study of conditions, obviously the better. Whatever furthers mutual understanding is mutually profitable. Personal contacts, besides affording to directors and executive officers a wider knowledge of Labor and its needs and conditions, give to Labor the feeling that it is regarded with interest, and to subordinate officials an incentive to discharge their duties adequately. Moreover, very often impressions of one kind or another gather around men whose positions remove them from frequent contacts with others, and sometimes a bad impression is as fatal in its effects as a bad character. Want of sympathy and lack of confidence are not infrequently due to want of acquaintance and lack of knowledge.

There are important considerations which lie about and beyond Industry and which are affected by all that transpires within Industry itself. Among such are the peace and prosperity of industrial communities, the health and vitality of workers, and the spirit of contentment which pervades a people. The activities of corporations are an important part of a country's social and industrial life; and directors can no more divest themselves of responsibility for co-operation in the maintenance of social standards, than the State itself can be freed of its obligation to safeguard the interests of society as a whole from the selfishness of special interests. There must be regard, not for the immediate parties to Industry only, but also for the environments in which organized efforts are carried on. Indifference to human well-being, and abuse of power in any phase of industrial relations, cannot fail to react unfavorably upon Industry, and also upon the community in which Industry is conducted. This twofold reaction is inevitable, and is certain to strike somewhere to the injury of all concerned. In like manner, industrial well-being is affected by all that affects community well-being. There are extremely few points at which industrial and community life do not touch. Wherever, in any particular, the one depends on the other, there character becomes a centre of vital influence which may radiate far and wide.

Arbitrary behavior in Industry may lead to violent movements in industrial communities. On the other hand, law and order in Industry is itself dependent on the maintenance of law and order in the State, and the degree of confidence thereby inspired. It is to public assemblies, executives, and courts that a nation necessarily looks for its laws, and for efficient administration. If members of legislatures are corrupt, if officeholders can be bribed, if a judiciary is not above reproach, whence is to come the confidence in law and order on which all else is based? With Politics and Industry inter-related as they are to-day, the integrity of men occupying positions of trust in the State is hardly one whit less important to Industry than the integrity of the men engaged in Industry itself. Many an industrial problem, so called, is not an industrial problem at all, but a political problem, a problem of government. It is no more possible to found Industry upon a quagmire of uncertainty or distrust within the State, and hope that it may endure, than it is to build a house upon the sand, and expect that it will not fall when the rain descends and the floods come, and the winds blow and beat upon it.

As Industry develops, as its plants expand in size and become widely distributed; as the numbers of employees increase, and, with them, the

numbers also of managers, superintendents, foremen, and bosses; as divergent personal, social, and financial interests widen the gulf between those in authority and those under it, and make frequent and immediate intercourse impossible, — new sets of conditions necessarily arise, and wholly new classes of problems present themselves. Distance, whether of class or of communication, is an obstacle to complete understanding well-nigh insurmountable. Yet absence of misapprehension lies at the root of industrial peace, and is an element vital to efficient service in Industry. Handicaps of distance, where such exist, must be overcome by enlightened policies. International or world-wide Industry demands a consideration of personal relationships entirely unknown to Industry in its earlier and simpler forms.

Investors, directors, and managers of many industrial concerns have wholly failed to recognize the significance of the changes which Industry has undergone. They have not adequately appreciated what these changes involve in the way of clearly defined labor policy. Methods of meeting the altered relations between employers and employed, which machinery has been largely instrumental in creating, have not caught up with the rapid development of Industry consequent upon mechanical inventions. Many a corporation is seeking to cope with twentieth-century conditions by nineteenth,

and even by eighteenth-century methods, and wonders why it is unsuccessful in averting industrial unrest. To grope along in such fashion is like striving to meet problems of middle life with the limited vision of childhood. It is interpreting the stress of modern times in terms of the seclusion of the middle ages. The War, with its use of aeroplanes, submarines, and "tanks," its machine guns and liquid fire, has shown how little international conflict to-day resembles war of a century ago, even in methods of fighting. Changes in methods of warfare are but a reflection of changes Industry itself has undergone.

With the expansion of Industry, confidence, more than ever, becomes essential to the preservation of industrial peace. Its maintenance requires the establishment of new ways and means. Where personal contacts are lost, and relationships between employer and employee become impersonal, methods and devices of one kind or another have to be created to preserve a faith which of necessity rests on a vital relationship. Otherwise, Industry ceases to be a great creative process in which Labor, Capital, Management, and the Community co-operate, and becomes instead a vast mechanical routine.

Confidence, being faith in fair intentions and just dealings, constitutes a first line of defence against the distrust and suspicion that breed fears. Whilst

confidence is inseparable from character, which finds no adequate substitute in forms or devices of any kind, both confidence and good-will may be fostered by methods and measures which beget a right attitude, and keep human nature true to its better self. The opportunity of personality which, through industrial transitions, has been lost in one direction must be met in some other way through evidence of fair and just intentions, by instrumentalities which serve to eliminate Fear and to establish Faith.

II

During the reign of William the Conqueror, a new officer of the highest dignity, *the Justiciar*, was appointed. He represented the King in all matters; and at all times administered the legal and financial business of the country. Henry I endeavored to curb the power of the feudal nobility by centralizing and systematizing the Royal Administration. As the annual courts were found inadequate for the increasing business of the nation, the Chief Justiciar, accompanied by some of the other Justices of the King's Court, began, toward the end of Henry's reign, to make occasional circuits of the Kingdom, principally for fiscal, but partly also for judicial, purposes. The local courts were thus brought into closer connection with the supreme national tribunal. By introducing order

and system into the administration of law and government, Henry prepared the way for subsequent important reforms.

Under the highly centralized system of administration of that early period, the Sovereign evidently realized that the impression subjects might come to have of the Crown would depend upon the redress of wrongs and the elimination of grievances in accordance with known and accessible means of obtaining Justice; also that the maintenance of law and order throughout the Kingdom demanded some immediate and direct link between the King and his subject people.

I believe it can be shown that law and order within Industry at the present time is just about at the stage constitutional development reached in England under the Norman and Plantagenet Kings. Nor is this altogether a matter of surprise. The Industrial Revolution which gave birth to modern Industry had nowhere run its course a century ago; it is working its transformations in distant lands even now. It gave rise inevitably to highly centralized organization. Accordingly, government in Industry is presenting to-day all the problems which centralization in government has always presented. Industry at the moment is at the threshold of another revolution as mighty in its transforming powers as the Industrial Revolution of a century ago. The change to be wrought

out is the transition from centralized authority to self-government. It is likely to parallel, in all essential features, corresponding evolutions in government within the State. Realizing this, we may receive much in the way of valuable suggestion from steps which made political freedom possible, and which have marked the course of political progress.

So long as within industrial demesnes the administration of Justice is to be retained as a part of managerial prerogative, directors and managers of large industrial corporations can well afford to study the methods by which centralized authority in the State sought to hold the scales of Justice in even balance. To their own good as well as to the advantage of law and order in Industry, they might begin with the device which absenteeism, in the case of the Conqueror, and expansion, in the case of the early Henrys, rendered necessary, and appoint some *Justiciar* with authority to move among employees and officials, and see that Justice is fairly administered.

Three or four years ago, I took occasion to inquire of the Royal North-West Mounted Police concerning the methods which have proven so successful in maintaining law and order in unorganized districts of Western and Northern Canada. I was told that the entire districts were regularly patrolled by members of the Force; that settlers were visited upon their farms and ranches, and inter-

viewed concerning violations of law and the adequacy of the protection afforded. This routine is followed, irrespective of the right of settlers to communicate at any time with Police Headquarters. Crime is tracked down with vigilance, and with such resources as the Government has at its command. By this visible link between authority and citizenry, confidence is established and settlement maintained in districts that readily enough lend themselves to depredations and lawlessness.

Under any centralized system in Industry, the appointment of a personal representative by directors or a corporation head to serve as a link between the management and employees is a necessary first step in the administration of justice and the supervision of labor policy. The services of such an officer, if he be possessed of character, tact, and the right kind of disposition, should prove, in all large corporations, second only to those of the manager himself.

Gifted with personality, a management's representative can do very much to impart to the working forces a right appreciation of the attitude of the corporation; to curb arbitrary and ill-considered action on the part of subordinate officials; to detect grievances in incipient stages and remove sources of irritation; and so restore some of the advantages of close relationship between employer and employee which have been lost through large-scale

Industry. With a proper development of his function, such a representative might come to be as important in his way in the affairs of an industrial enterprise as the Chancellor was in Equity days in the affairs of the State. Some corporations have already made such appointments with the utmost advantage to management and employees.

In the reign of King John, the people, under the leadership of the barons, secured from the Crown the "Magna Charta." It has been characterized by Hallam as the "keystone of English liberty." Stubbs, in his "Select Charters," says: "The whole of the constitutional history of England is a commentary on this charter." Here is a page of British history replete with illumination. In its nature, the Great Charter was little more than an assertion of fundamental rights as between the Sovereign and his people, drafted in a form to which appeal could be made at any and all times. As such it was a shield against unjust exactions on the part of arbitrary authority.

I know of no device better calculated to preserve law and order in Industry than a simple statement in printed form of the rights of employer and employee respectively on all matters which are likely to become subjects of controversy. In its simplest form, such a statement may include little more than principles and policies to govern relations between workers and employers. Elaborated, it may

be extended to include all that is essential respecting terms of employment, living and working conditions, and procedure in the method of presentation and adjustment of complaints and grievances. The absence of any clearly defined statement with respect to these several particulars is a source of constant fear of injustice, and leads to much unrest in Industry.

There are clauses in the Magna Charta which seem so elementary, one wonders how any sovereign could have sought to maintain authority other than by observance of them. It was John's character and disposition that rendered the Charter necessary. We are told that he was an oriental despot, a tyrant of the worst sort; that his personal character inspired utter distrust and aversion in all classes of his subjects. The despot in Industry is fortunately becoming more and more the exception. Unhappily he has not wholly disappeared. Managers who are unwilling to give their workmen any written form of agreement, or publicly to set forth rights and principles in matters essential to employment, possess something of the character and disposition of John, and, unrestrained, are as harmful to Industry as John was to the State.

There are sixty-three clauses in the Magna Charta. All might be quoted to advantage. One or two bear so directly upon rights which demand definition in employment, it may be well to pause

and consider them for a moment. It is interesting in passing to observe that sixty-three rights were not regarded by the people of John's day and generation as an excessive number to be asserted. Two clauses in particular merit special attention:

No free man shall be taken, or imprisoned, or disseized, or outlawed, or exiled, or anywise destroyed; nor will we go upon him, nor send upon him, but by the lawful judgment of his peers or by the law of the land.

To none will we sell, to none will we deny or delay, right or justice.

These are clauses thirty-nine and forty of the Great Charter. It has been remarked that in these clauses "are clearly contained the *Habeas Corpus* and the Trial by Jury, the most effectual securities against oppression which the wisdom of man has hitherto been able to devise." [1] "There is," says Taswell-Langmead, "a breadth about the simple language employed, as if those who wrote it felt they were asserting universal principles of justice." [2] These principles, applied to employment in Industry, would secure every worker against arbitrary treatment and unjust discrimination on the part of management, from the highest to the lowest officials.

Other clauses are scarcely less significant.

[1] Sir James Mackintosh, *Hist. Eng.*, I, 219–220.
[2] *English Constitutional History*, p. 105. London, 1903.

Clause seventeen reads: *Common Pleas shall not follow the king's court, but be held in some certain place.* The intent of this clause was that suitors might always have a fixed and settled court to resort to. How many industries to-day employ known methods of expeditious procedure in the adjustment of grievances and redress of industrial wrongs?

Clause forty-five reads: *Justices, constables, sheriffs, and bailiffs shall only be appointed of such as know the law and mean duly to observe it.* Are only officials of this character retained in industrial communities?

Clause sixteen reads: *No one shall be compelled to render more than the due service for a knight's fee or other free tenement.* This clause would seem to have a direct bearing on "Sweating" in Industry, and many lesser abuses!

Clause thirty-five reads: *There shall be one standard of measures and one standard of weights throughout the Kingdom.* Change the word "Kingdom" to "Industry," the principle remains the same, but the clause seems to acquire peculiar appropriateness in its application to both Capital and Labor.

Is it to be expected that the descendants of men who were ready to sacrifice everything for the assertion of fundamental rights in the State are likely to prove indifferent to the maintenance in

Industry of the principles they embody? It would be unfortunate for both Industry and Liberty if they were.

Exact statement of terms and conditions of employment; clearly defined and adequate means of speedy redress of wrong, are essential to mutual faith and a complete understanding between the parties to Industry. There can be intelligent and fair co-operation, and recognition of a common interest, only where knowledge of rights and duties is general. Equality of knowledge, wherever possible, is still better. Any attempt to conduct Industry along lines which assume other than mutual interests, or which presuppose other than honest purpose and intelligent co-operation, must inevitably occasion injustice, and sooner or later lead to open discord and strife. Industrial peace is based on industrial justice. Justice that is uncertain is not justice at all.

In the absence of exact knowledge, there is always opportunity for unfair and arbitrary practices. Where there is uncertainty as to hire or discharge; as to wages, hours, or working conditions; as to methods of adjusting grievances, or the enjoyment of customary rights and privileges; wherever, in a word, uncertainty exists, there, sooner or later, suspicion and distrust are sure to arise. It matters little whether the wrong alleged be real or imaginary, it will be aggravated wherever there is

nothing definite to which an immediate appeal can be made. Officials very naturally prefer a free hand in dealing with Labor under their direction, and it is the part of wisdom in directors and managers to permit the widest discretionary authority compatible with certainty of just dealing and fair-play. Rightly interpreted, a rule which makes exact conditions known to all, to employer and employee alike, is no restriction, but a safeguard which helps to ensure freedom.

Labor is entitled to its Magna Charta of Industrial Liberties. The more comprehensive the Charter is, the more explicitly its stipulations are worded; and the wider their application, the better for the peace of Industry, and all that industrial peace makes possible. When the Rights of Nations are similarly stated, and a Court of the Nations is established to which appeals may be made with confidence, wars and the rumors of wars will cease.

Fair-play is best secured in Industry as in sport. There is, indeed, no more sensible or more readily applicable basis for the regulation of Industry. This is true not less of rules and regulations voluntarily agreed upon by the parties to Industry than of the regulation of Industry by the State. What is regarded as necessary precaution in a boxing contest, a horse race, or a ball game, ought not to be

viewed as unduly restrictive when applied to the well-being of men and women engaged in honest toil.

Rightly conceived, law and order in Industry is the equivalent of fair-play in sport, and of the means and methods taken to ensure it. For games, there are rules and regulations; certain practices are permitted, others are prohibited. The rules and regulations are easily ascertainable; they are the same for all, and are known to all. There is usually an impartially selected umpire or referee to whom, in cases of dispute, appeal can be made, and whose decision is accepted as final. The participant who fails to observe the rules of the game is penalized; and if guilty of foul practice or unwilling to obey decisions, is ruled out altogether. Within the area thus secured, there is freedom of play, a fair field for all, and favors for none. So it should be in Industry. Let the field be staked out; the rules, regulations, and standards published; and let the honors go to the concerns that display regard for human well-being coupled with the highest efficiency. But let there be principles and policies, and let it be seen that the principles and policies are made applicable over the competitive area, and are generally observed! Industry will then cease to be a guerrilla warfare and will take on something of its true character as public service.

Whatever is to be said in commendation of known

rules and regulations, is even more applicable to agreements and contracts between the parties to Industry. Under collective agreements, a sense of equality between the parties is established. Neither dominates the other. Among the workers a consciousness of security is developed in place of a feeling of uncertainty and helplessness. The fear of being wrongfully discharged disappears before the right to demand redress. A due process of law in the adjustment of differences becomes substituted for the too frequent arbitrary and irresponsible rule of higher officials.

The question of discipline in Industry is always an important and difficult one. Even-handed justice and reasonableness must be at the basis of it. So far as may be possible, it should be made profitable and easy for all parties to be just and considerate, and unprofitable and difficult for them to be the reverse. In dealing with human nature possessed of inferior qualities, justice may well be tempered with mercy. Discipline will be all the more effective for being mild rather than harsh. As far as possible, disciplinary penalties should be corrective. Except for grave offences, suspensions should precede dismissals, and warnings or complaint memoranda precede suspensions. To many a man, discharge is the equivalent of outlawry and dispossession. Where discharge exists as a pen-

alty, the offender should have a right to a hearing, and a right to be represented by a fellow workman or other qualified person. Justice may most be hoped for where the hearing is before some board on which all the parties to Industry are represented.

The experience of firms which have given special study to disciplinary methods and efficiency would seem to indicate that the "hiring and firing" of employees is best taken out of the hands of subordinate officials and left to a special department or officer charged with the supervision of personal relations between officials and employees. Transfer from one branch or department to another is a means of avoiding dismissal and minimizing labor turnover, which works very often to the advantage of both the industry and the employees concerned. Reference has already been made to the wisdom of associating with the President's or Manager's office a special representative who may act as a go-between in controversies, and whose services may be availed of by employees or their representatives. The more the administration of discipline can be worked out in accordance with methods known to all, and in a manner which will hold the balances even between petty officials and workers, the better for industrial peace.

It illustrates wherein a false emphasis has been placed upon material, as contrasted with human,

considerations, that many concerns fully alive to the importance of fair dealings with customers and the public, and to the value of a good reputation in dealings with "the trade," have been indifferent to the application of like principles to Labor in their employ. Companies that have dismissed salesmen who have forfeited sales through carelessness, indifference, or ill-temper, have not hesitated to retain foremen and bosses who have been most indifferent to working conditions, and harsh and ill-tempered in dealing with employees. Clerks are supposed to stand for a company's ideals before the public, while behind the public practices are sometimes permitted which disclose an absolute disregard for ideals. It is not uncommon for employers to instruct employees who have to do with the public to see that every complaint is carefully looked into, that customers are "given satisfaction," and if the fault rests with the company to see that it is made good "regardless of cost." How rare it is that like instructions are given to superintendents and foremen with respect to the Labor under their control. Yet the one has to do only with monetary considerations; the other with human life as well! Employers should recognize that an official who disregards the well-being of his men is as much a source of danger to the industry that employs him, as a neglectful officer in the army is to the companies under his command. Wherever different na-

tures are brought into contact with one another, too great care cannot be exercised in securing for positions of authority men of broad human sympathies, who inspire faith rather than fear.

Good-will of employees is as desirable as the good-will of customers. "Treat patrons the way you would want to be treated if you were in their positions," is regarded as good business. A comprehensive view of right relations in Industry would regard as even better business the same maxim unrestricted in application. It would then become the Christian precept, "Do unto others as you would have others do unto you."

The President of an important sales company in New York recently issued the following injunction to all the Company's employees: "The only true basis of commercial success is scrupulous honor — the kind that always foregoes the benefit of the doubt rather than run the risk of being unfair. You can't upset the moral order without coming to grief, any more than you can upset the physical order by cutting your finger without blood and pain. The broadest business men of our time are recognizing this supreme fact. Our success is going to be in direct proportion to our acknowledgment of it, and so far as it lies in my power to do so I intend to make sure that we are always fair, honorable, and polite, whether the other fellow is or not." An injunction such as this may well serve

as a model. As a policy it leaves little to be desired in the promotion of confidence and good-will.

In seeking the promotion of good-will, one has but to ask in what it is that ill-will has its birth. A moment's reflection will disclose that, next to positive insult, nothing so engenders bitterness of feeling as a sense of being ignored. That is where personality asserts itself even in the humblest. Human nature resents failure to take account of the human equation. In industrial relations, as in all other human relations, the right to have personality respected is fundamental. The trade unionist who first applied the term "recognition" to the demand intended to compel attention to the existence of organized groups of workers, knew something of the value of words. While the word recognition has been used and misused in industrial conflicts to the point of exasperation, it expresses an idea fundamentally sound in what it conveys of a requirement essential to right relations in Industry.

In what form recognition may best be given is something which always demands consideration. Much will depend on circumstances. Unless, however, recognition is voluntarily conceded in one form or another, Labor sooner or later will seek to compel it. And it is well for the sake of Industry that Labor should.

The right of association and of organization by

workers is a fundamental right. Denial or interference with this right is provocative of much ill-will in Industry. With organization is necessarily associated representation. The rights of workers to bargain collectively and to be heard, through chosen representatives, in matters pertaining to their employment, are corollaries of the right of association.

It is now pretty generally conceded that it is as legitimate for Labor to associate itself into organized groups to advance its interests, as for Capital to combine for the same object. Methods adopted to effect and promote organization are not infrequently open to question, on the part of both Labor and Capital; but questionable practice and the principle of organization are not one and the same thing, and should be kept separate and distinct. No handicap could be severer than the atom-like position of many an isolated worker in the struggle against forces of world-wide competition. What the individual worker has lost of independence, through the transitions and the expansion of Industry, he is entitled to regain, so far as may be possible, through associated effort. He must do this or go to the wall. It is through associated effort that the struggle for existence is mitigated, and because of the possibilities of mutual aid, that the biological law of the survival of the fittest is rendered inapplicable to human relations. In collective security lies the elimination of the fears which individ-

ual isolation necessarily begets. Associated effort, moreover, induces an enlargement of sympathy and a faith in others which independence sometimes helps to destroy. Far-reaching social gains may accrue from wisely promoted association and co-operation begotten of the necessities of isolation.

Joint Committees and Boards on which representatives of the management and employees have opportunity to consider matters of mutual interest are useful media for bringing together a company's officers and its men, and for developing friendly relations and preventing the estrangements which arise through ignorance and purely official meetings. It has been well said that "among honest men, familiarity breeds confidence, not contempt." No better maxim could be applied to the relations which should govern in Industry between those in authority and those under it. Whilst personal contact between stockholders and employees, or contact between directors or even managers and employees, is no longer possible in large companies, effective use may be made of representation to restore what is vital in these relationships by means of joint meetings and frequent conference.

The wisdom of resorting to any means of effecting closer relationships between the parties to Industry, especially in the case of corporations which have to do with foreign labor, must be apparent once it is recalled how readily suspicions and mis-

understandings arise from differences of language, customs, and viewpoint, and what temptations there are to exploit the ignorant. The "problem of understanding employees and being understood by them is a vital problem." Once this is appreciated, it will be seen that much thought must be given to the means of best promoting personal relationships in Industry.

Many industrial establishments have adopted the plan of supplementing personal contacts by the publication and distribution among their employees of leaflets, pamphlets, and periodicals devoted to topics of common concern. In helping to foster a community of interest between the parties to Industry, social and industrial betterment plans, mutual benefit funds, and many forms of so-called welfare work, may also render a useful service. All are not equally effective, and it would be unwise to single out individual efforts for special mention. In whatever pertains to welfare work, and to industrial betterment schemes, much depends on the nature and size of the industry, on the classes of Labor employed, and on the standards of its intelligence. What may minister to good-will among immigrants in a frontier mining camp may be wholly inapplicable to American girls in a New England telephone exchange. Devices which are suitable to isolated establishments may be most inappropriate to corporations such as railroads

with employees distributed over an entire continent. Whatever fosters community of feeling and interest, however, minimizes the possibilities of industrial strife.

It must be remembered, with respect to welfare work and the like, that charity and philanthropy are no substitutes for justice; that in the absence of substantial justice all such schemes are rightly abhorrent to Labor, and usually defeat the ends for which they are projected. The observance of fundamental principles in industrial relations is much more important than betterment plans or programmes of any kind. Right principles are applicable to any and every condition, and the most effective methods of promoting good-will are not infrequently those with least display about them.

In all these matters, we are brought back to the personal equation. Injustices and misunderstandings between the parties to Industry are largely a result of lack of contact and an inability to recognize the common interest. Whatever affords occasion for employers and employees, workingmen and officials, to meet and confer together, to come to know and to trust each other, and to understand each other's problems and points of view, is in the highest degree advantageous. Then when difficulties arise, the door opens naturally to conference. Aloofness and distrust give way to frank discussion. Knowledge of each other gained by

employers and employees through frequent meetings permits issues, as one writer has expressed it, "to be thought out, talked out, even fought out without rancour." No matter what the occasion, wherever the parties to Industry have become accustomed to deal together either by direct conference or through representatives, the possibility of serious friction is materially lessened. The principle of the open door between Management and Labor is one that cannot be too highly commended.

III

"I care not how often I say it, this war could have been avoided by accepting a conference. Why was the conference not accepted? Because there was no good-will." These momentous words were spoken by Sir Edward Grey, British Foreign Secretary, in addressing the House of Commons in London on May 24, 1916. Could more be said of the significance of good-will, or of the importance of conference? Where, in international and industrial relations, good-will is cherished, peace is assured. Where its presence is doubtful, conference cannot take place too soon.

With human nature what it is, mistakes, grievances, and differences will inevitably arise between individuals and nations in their dealings one with another. It is a part of the promotion of good-will

and confidence to anticipate these eventualities, and to establish adequate means for the maintenance of right and the redress of wrong. The agencies that in one form or another have been developed out of conference, and which have best served to maintain industrial and international peace, are conciliation, mediation, investigation,[1] and arbitration. Utilized with sincerity, they constitute an all but impregnable line of defence against industrial and international strife.

Conciliation is always the best of methods to employ in adjusting differences. It has regard for feelings, as well as for facts, and feelings are an all-important consideration where human relationships are concerned. The whole effort of conciliation is necessarily concentrated upon the elimination of fear and the establishment of faith between the parties concerned. Its main objective is to make self-evident wherein interests are common and not opposed. Conciliation does not imply compromise, as that term is used in contradistinction to justice, and as some are inclined to believe. Where it successfully performs its mission, Conciliation removes doubts and misgivings as to the jus-

[1] Investigation might be designated as the method of reliance upon opinion, since it is as a means of creating an informed public opinion that it gains a distinctive character and is employed as a separate method of preventing and adjusting disputes. By Investigation, Public Investigation is, of course, meant.

tice secured. Conciliation makes plain that "the letter killeth, but the spirit giveth life." Its emphasis is upon life. As an art, it embodies all the other arts. There are no honorable means it may not employ to minister to its end. It summons to its aid all the higher virtues, especially those of patience and endurance. When all else fails, Conciliation persists. In the end, it usually succeeds.

To apply the term "compulsory" to such a method seems a contradiction in terms. It is not, however, to Conciliation as a *method*, but to its *necessary application* in given circumstances that the words "compulsory conciliation" relate. Where the immediate parties to a dispute are unwilling to employ conciliatory methods to effect a settlement, public authority, often with advantage, may intervene, upon request or of its own initiative. It may appoint some person or agency to lend good offices toward effecting a settlement. Conciliation then becomes known as Mediation. An unyielding attitude on the part of one or other of the parties to a dispute may render attempts at mediation of no avail, but given half a chance, personality, combined with experience and resource, and with the weight of authority behind it, usually finds a way or makes it. If a conciliator be of the right kind, he will ask for nothing more than to be accorded an opportunity under such conditions. Since men do not break off relations in Industry that each

may suffer, the odds are all in favor of mediation succeeding once it is given a fair trial.

With Labor and Capital it is very much as with husband and wife: despite differences, they must continue to live together, or cease the relationship altogether. Conciliation relieves antagonisms. In industrial, as in domestic relations, it is wise for people to keep their differences to themselves, and to settle their own disputes. Outside intervention and publicity are desirable only where it appears that a settlement cannot be effected without them; or where intervention is necessitated by the interest of third parties. From press accounts of strikes and lockouts, it might seem that the severance of relationships in Industry was a normal condition. Fortunately this is the case not more with individual industries than with individual households. Remembering the vastness of Industry, the marvel is, how few relatively are the evidences of severed relations.

No chapters of industrial or political history are more inspiring than those which tell of the work of great conciliators. Few men serve their day and generation better than those who, in Industry or in Politics, are privileged to play this rôle. The nature of service of this kind is such that very little can be said about it. Self-effacement and publicity are at opposite poles. The art of Conciliation is usually successful only to the degree to which it is

exercised apart from publicity and with befitting modesty. Confidence must be the essence of the feeling Conciliation inspires. To gain confidence, discernment as to what should be left unsaid is quite as important as discretion with regard to what is said. By its fruits, and not by its words, Conciliation is known. The experience of Great Britain, the United States, Canada, Australia, and New Zealand, all point to Conciliation and Mediation as leading factors in the elimination of industrial strife.

Investigation, as a method of preventing and adjusting industrial disputes, stands midway between Conciliation and Arbitration. Though rightly regarded as a separate and distinct method, it is the handmaid of the other two. Investigation goes farther than Conciliation necessarily goes, and not quite so far as Arbitration. Conciliation may be entirely a matter of conference. The injury complained of may be more of the feelings than of the pocket. Human nature is as sensitive in matters of self-respect as in matters of self-interest. This is something of which too careful account cannot be taken in industrial relations. Men will stand for short allowance when they will not stand for impudence. The trouble which incivility brews, no matter from which side it comes, is usually much more difficult to cope with than any matter of accounts. It is the all but universal experi-

ence of those who have had to do with intervention in strikes and lockouts that, in effecting settlements, the strictly economic questions involved are not a circumstance to threats indulged in prior to or during industrial conflicts, and the personal bitternesses and hatreds severed relationships invariably help to engender. To take the sting out of opprobrious epithets, and to cause insults to be forgotten is the work more of Conciliation than of Investigation; though Investigation, in so far as it may help to explain conditions, and to fix responsibility, may also be necessary.

Investigation is useful as a method, and imperative where a situation is intricate, or the numbers of persons directly or indirectly affected are considerable. Investigation is a letting in of light. It does not attempt to award punishments or to affix blame; it aims simply at disclosing facts. Its efficacy lies in what it presupposes of the power of Truth to remedy evil of itself. Its use is a high tribute to human nature, for it assumes that collective opinion will approve the right, and condemn the wrong. Willingness to investigate is *prima facie* evidence of a consciousness of right. In the absence of good and sufficient reasons, refusal to permit investigation is equally *prima facie* evidence of weakness or wrong. So powerful is Investigation as a means of inducing right behavior, that authority to employ this method at any or all times

is of itself protection against injustice. The statutory right to investigate disputes, which some public boards enjoy, has been found sufficient to influence parties to industrial differences to settle their controversies both voluntarily and speedily.

Within an industry, the right of investigation is usually exercised in the form of an appeal from a subordinate to a higher authority. All such rights of appeal are guarantees against arbitrary conduct and unfair dealing. The higher the right of appeal may be carried, the greater the safeguard. To make this right effective, it should at some point lie wholly beyond influence by any of the parties in interest.

There are varying degrees in the extent to which investigation has been carried in practice, and in the consequences attendant upon it. Investigation may be limited in character, in place, and in time. It may extend only to the right of questioning individuals or of examining documents, or to both; or it may extend also to an examination of premises, to a study of comparative conditions, and to the securing of expert opinion. Its use may be made permissible at any time, or may be restricted, for example, to controversies in certain industries only, and to a period subsequent to the declaration of a lockout or strike. The consequences attendant

upon investigation vary according as investigation is confined to a simple disclosure of facts, or is supplemented by authority to pass upon facts, and to make findings and recommendations. In such cases, consequences also vary according to the binding force given awards.

It may be left optional with the parties affected by investigation to accept or reject findings; or acceptance may be made a necessary condition, through voluntary agreement by the parties, or at the instance of the State. Where acceptance of a finding is left optional with the parties to a dispute, the outcome is pretty certain to be influenced in some measure by Public Opinion and the agencies which create it.

When the right to investigate is entered upon voluntarily and is accompanied by an agreement between the parties to be bound by the findings, Voluntary Investigation becomes Voluntary Arbitration. Where there is no such agreement, but where by authority investigation is made compulsory and acceptance of the findings of investigation is made binding upon the parties, there Compulsory Investigation becomes Compulsory Arbitration. In other words, Voluntary Arbitration is Investigation plus voluntary agreement to be bound by findings. Compulsory Arbitration is Investigation plus compliance with findings under penalty.

Voluntary Arbitration is akin to Conciliation in that it helps to preserve good-will. Compulsory Arbitration presents no such guarantee of the attendance of good-will. To that extent, it falls short of being an ideal method. Conciliation is an informal process; Arbitration, a formal process. Where not compulsory, Arbitration generally follows upon the signing of an agreement in which both parties bind themselves to carry out the award. Formal hearings are held, testimony is taken, and a written award is made. Where Arbitration is carried on under sanction of law, the award may be, and generally is, legally binding. Faith in the impartiality and judgment of arbitrators is heightened where they are chosen by mutual consent; and awards are certain to be acted upon with more grace where acceptance has been mutually agreed upon, than where it is imposed by force. The application of Force as a means of preserving peace is, in any connection, the last of methods to adopt.

Among workingmen there is grave mistrust of Arbitration, because of a supposed insidious class interest. They feel that the mental attitude of arbitrators selected from other than their own ranks is apt to operate against an impartial judgment. Especially have they a prejudice against the judiciary and "the legal mind," as inclined to construe Labor too much as property. For this reason, Arbitration to them savors of a judicial process

which has regard more for material than for human considerations. They object further to Arbitration because awards are usually administered exclusively by the one party.

Here, then, as respects industrial peace, we appear to be on the horns of a dilemma. To apply Force in seeking to prevent and settle industrial differences, for that is what the imposition of penalties implies, is to destroy the very spirit it is desired to create and maintain, namely, confidence and good-will. On the other hand, not to have Force available as a possible means of compelling obedience to findings appears to render investigation abortive. Were Force the only power to be relied upon for the adoption of a course of conduct obviously in the interests of all parties to a dispute, there would be a dilemma indeed. Fortunately, in human relations there is a power superior even to Force, and that is Reason. There is, too, a vast difference between Force applied as a weapon of aggression, and Force duly restricted and applied as a restraining influence to serve social ends. If Reason can be brought to bear upon the merits of a dispute, the result, humanly speaking, is certain to be the best attainable under any circumstances. The problem in Industry, as in all human affairs, is to ensure the application of Reason to situations that admit of differences of opinion and differences of interest.

Compulsory Investigation prior to a severance of relations between the parties to a difference, and accompanied by power to make findings, the acceptance of which is left optional with the parties, appears to admit, in industrial disputes, of the application of Reason to a greater degree than is afforded by any one of the several methods individually applied. It also occasions less in the way of application of Force. In reality it is a combination of methods, and as such it unites what is best in Conciliation, Investigation, and Arbitration, and avoids limitations which are self-evident wherever they are employed separately.

Conciliation possesses the advantage of being the most acceptable of methods to all parties, and the one which more than any other ensures the promotion of good-will. Through avoiding undue interference and publicity, it leaves less to be remembered of what is likely to occasion a continuance of ill-feeling than either Investigation or Arbitration. It is more flexible than Arbitration, less hampered by precedents, and therefore more easily applied to any set of conditions. But, like all methods, Conciliation, to be of service, must be afforded its chance. To have interested parties brought into conference, either in person or through representatives, is an essential preliminary to the solution of all difficulties. Investigation prior to the severance of industrial relations affords Conciliation this

chance. Parties to differences are pretty sure to welcome Conciliation as an escape from the publicity which investigation necessarily brings, and from the pressure of public opinion with respect to findings which may or may not be acceptable. Conciliation, employed before, rather than after, the severance of relations, is given a chance to bring its good offices into play before the bitterness, prejudice, and passion which industrial warfare engenders become aroused. The mere existence of a regulation or law requiring investigation prior to the actual severance of industrial relations may wholly suffice to avoid necessity for its application. Its mere presence exerts a silent and unseen pressure which disposes affected parties favorably toward Conciliation. Opportunity is thereby afforded Conciliation to begin its good works under the most favorable circumstances.

Investigation possesses the advantage of being the best method of getting at the truth of a situation, and, in industrial relations as in all else, Truth and Justice are allied. To be of service, Investigation, like Conciliation, must be employed; apart from some kind of compelling influence, there is no guarantee that it ever will be. Investigation, too, is effective only when given a real chance. As with Conciliation, the chances of Investigation are a thousand-fold improved where Investigation is exercised before, rather than after, feelings and preju-

dices are aroused, and before parties to disputes become committed to positions which, publicly assumed, they may wish to maintain. Once publicity has been given to rival contentions, parties are apt to become more solicitous of obtaining a verdict which will justify their particular attitudes than of finding a solution of differences based upon essential justice.

Arbitration possesses the advantage of finality. Where acceptable to the parties and entered upon voluntarily prior to the severance of industrial relations, it has all the advantages of Conciliation and Investigation, as it occasions the use of both. Arbitration, like Conciliation and Investigation, unless employed is of no avail; and of the three methods, Arbitration is the one the parties to Industry are least likely to employ voluntarily. Where there exists a law compelling investigation prior to the severance of relations, the chances of resort to voluntary arbitration are increased. Parties to disputes, while unwilling to arbitrate everything, will not infrequently agree to refer debatable points to the final judgment of some third party, in preference to having all phases of their relations inquired into publicly.

A disposition to sanction conciliation and investigation, and to refer to arbitration what cannot be satisfactorily settled, leaves little to be desired. Unhappily, with human nature what it is, there is no

guarantee of an attitude of the kind being assumed by parties to industrial disputes, save as a means of escape from some less acceptable method of settling their differences. The Arbitration Courts in the Australian Commonwealth and States, and in New Zealand, make the fullest use of Mediation before referring disputes to settlement by judicial process. Voluntary agreements are secured because disputants realize that unless an agreement is reached disputes will go automatically to the Arbitration Court.[1]

In procedure, Compulsory Investigation and Compulsory Arbitration are similar; as methods of preventing and settling industrial differences, they differ as respects the authority to be attached to findings. The findings of Compulsory Investigation do not bind the parties. The awards of Compulsory Arbitration are binding and enforceable by process of law.

Investigation under compulsion is less satisfactory than Investigation voluntarily agreed upon, but it is usually more acceptable than Compulsory Arbitration. The parties to a difference know that they are not necessarily bound by the results of the

[1] On the subject of *Mediation, Investigation, and Arbitration in Industrial Disputes* see a volume of that title, by Barnett and McCabe (Appleton & Co., New York, 1916), and *Industrial Arbitration*, by Carl H. Mote (The Bobbs-Merrill Co., Indianapolis, 1916); also *Conciliation and Arbitration in the Coal Industry of America*, by Arthur E. Suffern (Houghton Mifflin Co., Boston, 1915).

inquiry. Commitment in advance to the acceptance of the terms of some unknown award provokes an attitude of resistance which is distinctly inimical to efforts at conciliation. To be assured against any prejudice of interests on account of possible errors in fact or opinion helps wonderfully to remove doubt and irritation.

When it is remembered that conciliation is likely to be exercised continuously during an investigation enforced prior to the severance of relations in a dispute, and that the good offices of Conciliation cease once a dispute has become the subject of a quasi-judicial reference under Compulsory Arbitration, the superior merits of Compulsory Investigation as a means of ensuring good-will become apparent. Between the beginning and the end of labor controversies there are usually many chances for conciliatory movements in the interest of the parties and public welfare. The benefits of Compulsory Investigation do not lie in its coercive features, but in the opportunities it guarantees for conciliation at the outset, and for continuous efforts at conciliation throughout the entire course of an investigation. When a difficulty arrives at a stage where it must be arbitrated, it is then usually too late to do much that is effective in the way of conciliation.

It is not to be supposed that, because findings under Compulsory Investigation are not enforceable under penalty, findings in such cases are with-

out effect. Public Opinion, as an instrument of authority, may be more subtle and elusive than the power of the Law visualized in penalties and prisons; but the subtlety of Opinion is not without its advantages. However much, as individuals, men may feel compelled to tolerate injustice, collectively, it is something they will not abide. Moreover, the reactions of deception are apt to be violent. Barnum said the people liked to be fooled, but Barnum was interested in circuses. Lincoln, whose concern was with government, said, "You can fool a part of the people the whole time, and you can fool the whole people a part of the time, but you can't fool the whole people all the time!" And it is the whole people in one way or another who sooner or later are affected by industrial disputes in their communities.

As a means of effecting the application of Reason to industrial disputes, Publicity has merits quite the equal of penalties imposed by process of Law. Reason can be exercised properly only in the light of knowledge. Through the knowledge of facts it discloses, Compulsory Investigation coupled with Publicity gives Reason its chance. Exercised prior to the severance of industrial relations, Compulsory Investigation tends wholly toward the exercise of Reason. The establishment of an enlightened Public Opinion is a most important problem of Government and Education.

No relationship in Industry is so insignificant that the use or neglect of Conciliation, Investigation, or Arbitration may not be fraught with far-reaching possibilities of good or ill. The foreman who dismisses a workman without examining his complaint, and the workman who quits work just because he thinks by so doing an advantage can be gained in a crucial moment, are each fostering the spirit that destroys Faith and begets Fear. The Company that refuses to consider grievances of its workmen when such grievances are properly framed and courteously presented, and the Union that brings on a strike without affording opportunity for investigation, equally are encouraging methods of procedure which lead to competitive arming between the parties to Industry; and, if all were perceived, to competitive arming between nations as well. In not less measure, the official who seeks to allay discord, and the workman who encourages fair play, the Company and the Union which advocate and enforce methods of conciliation, investigation, and arbitration in the mutual relations of Capital and Labor, are promoting not only industrial peace, but international peace as well.

There are the strongest reasons why Conciliation, Investigation, and Arbitration, wherever they can be of service, should be made to apply at the earliest moment possible. The germ of discontent is like any other germ: it grows and reproduces and

multiplies, and there is no germ so virulent as that of unredressed wrong, whether the wrong be real or imaginary. Indifference to, or neglect of wrong begets irritation, and, like long-continued oppression, aggravates discontent and causes men to bide their time and seek revenge. Intimation by a workman that conditions are unfavorable discloses the germ of a grievance. To neglect investigation or to delay adjustment merely aggravates the case. A continual adjustment of little things is better than a grand adjustment of many things accumulated over a series of years. The latter usually comes too late. It is not the individual who has permitted or been guilty of injustice who necessarily suffers most; it may be the industry itself. To those who experience a sense of injustice, a guilty official becomes the expression of the indifference and heartlessness of owners, or of "the capitalist class" through whose expressed or implied sanction injustice continues. There is a significance impossible to exaggerate in words in the detection and elimination of grievances in their incipient stages.

IV

The machinery by which, in Industry and the State, it is sought to give play to the principles of conciliation, investigation and arbitration, varies from the most informal arrangements for conference

between individuals to elaborate systems of judicial procedure. It embraces means of one kind or another to perform legislative, executive, and judicial functions. Such means are necessary wherever, in the adjustment of human relations, an attempt is made to substitute Reason for Force. Helpful devices have already been indicated: for example, the framing and posting of rules and regulations governing employment, and respecting living and working conditions; provision of sources of appeal by employees in person or through their representatives; and provision of facilities for collective bargaining and the making of joint trade agreements.

Something in the nature of continuous administrative machinery for the orderly disposition of controversies is as necessary for the establishment of law and order in Industry as in the State. There is the same need for the definition of rights and obligations, the formulation and interpretation of rules, and authoritative decision in matters of controversy. In the State, procedure as respects all these particulars has been vastly elaborated. In Industry, it is at the beginning of its evolution.

The machinery of justice in the State is the product of centuries of development. Though judicial procedure may continue to change, the really important fact is that *justice in the form of Law*, as distinguished from arbitrary justice, or from private struggle decided by private force, *arises the*

moment general principles are used for deciding particular cases.[1]

The application of general principles to the determination of controversies has led to the gradual enlargement of the field of systematic justice, and to the inclusion of whole classes of questions not hitherto regarded as coming within its purview. The classes of questions decided by the Interstate Commerce Commission in the United States, and by the Board of Railway Commissioners in Canada, are instances in point. The decisions of these bodies are in the nature of the application of more or less general principles to particular controversies. If Reason is to supplant Force in human relations, all industrial and international controversies must some day be similarly decided.

A beginning in the extension of the field of systematic justice to industrial relations has been made in the United States through the adoption of certain principles and policies to govern relations between workers and employers in war industries for the duration of the War.

In January, 1918, the Secretary of Labor appointed a War Labor Conference Board for the purpose of devising for the period of the War a method of labor adjustment which would be acceptable to employers and employees. The Board

[1] *Vide* "A New Field for Systematic Justice," by J. H. W., *Illinois Law Review*, March, 1916.

recommended the creation of a National War Labor Board. This Board was subsequently appointed by proclamation of the President with powers, functions, and duties duly defined. The Board was to settle by mediation and conciliation controversies arising between employers and workers in fields of production necessary for the effective conduct of the War, or in other fields of national activity, delays and obstructions in which might affect detrimentally such production. It was to provide for committees or boards to sit in various parts of the country where controversies might arise, and secure settlement by local mediation and conciliation; and to summon the parties to controversies for hearing and action by the National Board in the event of failure to secure settlement by mediation and conciliation.

It was further provided that when the Board, after due effort of its own, found it impossible to settle a controversy, it should then sit as a board of arbitration, decide the controversy, and make an award, if it could reach a unanimous conclusion. If it could not do this, then it was to select an umpire, who should sit with the Board, review the issues, and render his award. The selection of an umpire was to be by unanimous vote of the Board. Failing such choice, the name of the umpire was to be drawn by lot from a list of ten suitable and disinterested persons to be nominated for

the purpose by the President of the United States. An important provision, intended evidently to prevent unnecessary intervention and to encourage the parties to Industry to settle their differences themselves in accordance with established methods of procedure voluntarily agreed upon, is that the National Board shall refuse to take cognizance of a controversy between employer and workers in any field of industrial or other activity where there is by agreement or Federal law a means of settlement which has not been invoked. The principles to be observed and the methods to be followed by the National Board in exercising its powers and functions and performing its duties are mentioned as those specified in the report of the War Labor Conference Board dated March 29, 1918.

Here is the beginning of justice in the form of law made applicable to industrial controversies. A method of judicial procedure is outlined, and principles to govern relations between workers and employers are set forth. It is true that, for the present, they apply only to war industries and for the duration of the War. It is hardly probable, however, that the settlement of industrial controversies in accordance with juridical methods, commenced on a nation-wide scale during the War, will be abandoned at its close. Rather would it appear, if Reason is to be substituted for Force, that some such method will more than ever be necessary in

the readjustments in Industry which are certain to occasion the most serious of all problems in the period of reconstruction.

The collective contracts between the Government of the United States and Organized Labor, in many fields of industrial activity pertaining to war work, mark a revolutionary change in official policy.[1] There is scarcely a branch of Industry of any importance in relation to war work where some effort has not been made to establish, by direct dealing with national and local labor leaders, collective contracts which may serve to ensure continuous employment, and to provide machinery for taking up, in orderly fashion, with the Government and with private employers, whatever differences may arise.

It is too early to pronounce judgment upon the manner in which the Government's policy is being carried out, or upon the effectiveness of the methods themselves. Their existence as a part of war policy intended to further production in a world emergency is always to be remembered. Any policy, however, which honestly seeks to substitute juridical methods of procedure in the adjustment of industrial controversy for the method of Force, is deserving of sympathetic appreciation. Its very limitations and errors will help to disclose what is

[1] *Vide* "The New Place of Labor," by Ordway Tead, the *Atlantic Monthly*, August, 1918, p. 138.

essential and necessary in the application to Industry of practices and procedure which in all organized communities have been the means of substituting law and order for anarchy.

The Government of Canada has sought, through an enlargement of the machinery provided by the Canadian Industrial Disputes Investigation Act, and by the encouragement of Joint Boards of Adjustment, to secure the application of general policies and principles to the settlement of controversies arising in war industries in Canada. Here, too, a further extension may be looked for when the War is over.

In Great Britain, before the War commenced, prominence had been given the importance of the application of general principles in the prevention and settlement of industrial controversies. The War has developed machinery much needed for a wide application.

How fortunate it would be were the War to mark the transition to a general acceptance of orderly and judicial methods of procedure in the settlement of all differences; and were present upheavals to prove to be the birth-pains of a new order! Without law there can be no peace.

The recognition of the importance of principles as the basis of all law and order has found frequent and distinguished expression in official utterances

pertaining to the War, and with respect to negotiations necessarily preliminary to any peace.

Appearing before the two Houses of Congress at Washington on February 11, 1918, President Wilson said: "What is at stake now is the peace of the world. What we are striving for is a new international order based upon *broad and universal principles of right and justice.*" The President then outlined principles to be applied, which he said would serve to test whether it was of any avail to go on at that time exchanging peace views. It is deserving of note that the principles Mr. Wilson enumerated laid emphasis upon human as distinguished from material considerations. Peoples and provinces were not to be bartered about like chattels to establish a balance of powers. Territorial settlements were to be for the benefit of the people concerned, and not merely adjustments of the claims of rival states.

Addressing a joint session of the House of Lords and the House of Commons in London on the day following, King George declared that until there was *recognition of the basic principles upon which an honorable peace could be concluded*, it was the duty of the British to prosecute the War with all the vigor they possessed. In whatever overtures precede peace negotiations, the significance of the unreserved acceptance of basic principles is certain to receive heightened emphasis.

The recognition of just principles as a basis of law and order is quite as imperative in small things as it is in great. Where there are no general principles to lay hold of, where everything is arbitrary, there can be no attempt at peaceful settlement of controversy, whether it be industrial or international. Industrial Law and International Law are in much the same position to-day: principles in the case of each are insufficiently defined, and the means of their enforcement are inadequate. As a consequence, the very foundations of civilization are threatened by international warfare on the one hand, and by industrial warfare on the other. Until industrial controversy and international controversy become as justiciable as property controversy, the world's peace will be at the mercy of Force, from whatever quarter it may arise.

It is from just such small beginnings as are afforded by opportunities of conference and the methods of procedure mentioned, that there will gradually be evolved a system of justice as applicable to human rights in Industry, as existing legal justice is to property rights and matters of contract. Here and there, through agencies already at work, principles are beginning to be formulated. As the system is extended, and enlarged by experience, general principles with their necessary qualifications will become clearer and more widely ac-

cepted. The sanction of government in one form or another will be secured. Principles will then become established, and their application will be made more and more general.

Professor Earl Dean Howard,[1] formerly Director of Labor for the manufacturing firm of Hart, Schaffner and Marx, a Chicago firm which has done much in formulating and applying wise principles in Industry, has written of this evolution with fine discernment: "The student of political science," Professor Howard says, "will find in the development of voluntary industrial government an interesting contribution to his science. Just as the common law of England evolved from self-imposed customs and regulations in the interest of harmonious dealings and relations, so here we may observe an organic growth of industrial government, establishing itself alongside the federal and state jurisdictions. Perhaps this will be the means of escape from the dilemma of domination by a ruling over a subject class on the one hand, and, on the other, a chronic state of civil warfare with the classes perpetually struggling for advantage, with small consideration for the public welfare."

The prejudice of Labor against legal methods in the settlement of disputes will vanish as the principles revealed in the settlement of industrial

[1] At present, Secretary of the Committee on Industrial Relations recently formed by the Chamber of Commerce of the United States.

differences by conciliation, investigation, and arbitration accord with the Law of Peace, Work, and Health. In other words, Labor's prejudice will disappear as the emphasis in principles cited is placed upon human as contrasted with material considerations. Were resort to these agencies to become general, such emphasis would be inevitable. Out of the principles thus established, it should be possible to construct for Industry a code of governing rules and regulations which would lay the foundations of permanent industrial peace. To attain an end so considerable, there are the strongest of reasons why employers and employees should seek to avail themselves voluntarily of methods of judicial procedure in the settlement of industrial controversies whenever occasion permits, and why the State should exert its supreme authority to compel such a reference whenever industrial controversy threatens the public interest.

CHAPTER VIII

PRINCIPLES UNDERLYING WORK

Fear and Faith are as infallible in their effects upon Work as in their bearing upon Peace. They lie about the roots of both, sapping or nourishing vitality. Work is inseparable from life; it is life expressing itself in effort. In all its aspects, Work denotes effort, physical, mental, or moral. Fear paralyzes effort; Faith sustains it. Alike in industrial and international relations, and whether applied to individuals or to communities, the principles which underlie Work are those rules of conduct and methods of organization which, through the elimination of Fear and the establishment of Faith, beget a sense of freedom in effort between human beings and their personal and material environments.

Like the principles underlying Peace, the principles which underlie Work are founded upon a recognition of personality. They evidence discernment between human and material values. They are expressive of an attitude of belief in *common* as contrasted with *opposed* interests. They reveal a spirit of mutual consideration and constructive good-will. Rules of conduct and methods of organization, whilst they can effect none of these things,

may contribute in a very direct way toward their realization. Of themselves, they are mere insensate cords, resembling somewhat the nerves of the human system. Under right direction, they carry impressions to and fro to beneficent ends. But it is the spirit alone which imparts vitality and force.

I

In Industry the immediate objective of Work is material production. The common aim of the parties to Industry is to bring production to a maximum in quantity and quality. This, as already shown, is, first and foremost, a matter of co-operation between the parties, and of intelligent co-ordination of various functions. Such co-operation and co-ordination is possible only where there is accord with an underlying order which presupposes between individuals, not a conflict, but a community of interests in all that pertains to human well-being. In no more effective way can the parties to Industry advance the common interest than by each performing its special function to the utmost of its capacity. For a maximum of combined effort, there must be a maximum of individual effort. The principles underlying Work reveal how individual effort may be brought to its highest degree of efficiency.

In the processes of Industry, the unwillingness of

individual parties to put forth their utmost effort may arise from defects of character, inadequacy of training, or lack of opportunity. Where opportunity, training, and capacity are present, failure to realize the best in effort arises mostly from the fear that one or other of the parties will put forth a less than proportionate share of effort, or claim a more than proportionate share of reward.[1] In other words, restricted effort in production arises from fears respecting the contribution each of the parties *makes*, or concerning the share which each of the parties *takes*. Both are embraced in the fear that rewards will not be adequate or proportionate to the effort put forth. Whatever restricts effort through fear of inadequate returns on the part of one or more of the parties to Industry, or through any other cause, limits opportunity and reward to all.

The fears which circumscribe the freedom of effort of Capital, Management, and the Community are by no means so real or considerable as those which surround Labor. They differ, also, in that they represent consequences much less serious to human life. Especially is this true of fears concerning employment. Under conditions in Industry which

[1] *Vide* Sidney Webb, *The Restoration of Trade Union Conditions* (The Gresham Press, England; B. W. Huebsch, New York, 1917), reference to which source is hereby acknowledged.

make the several parts of industrial processes dependent on many others, and which demand intense specialization of effort, it is impossible to exaggerate the imminence of fear in the lives of workers wholly dependent upon continuous employment for the immediate necessaries of life.

Capital can wait for its reward. If the worst comes to the worst, the mere possession of capital is of itself in the nature of insurance against perils which threaten Labor whenever confronted by uncertainty of employment, or actual unemployment. Moreover, the capitalist is at once a capitalist and a potential laborer. Only under exceptional conditions, is the laborer ever a potential capitalist. The so-called leisure classes, deprived of capital, feel the hardship of having "to earn a living." After all, in such cases they but experience the lot of the average worker who is expected to be happy so long as he has opportunity to work. Capital, moreover, is free to move about. If not required in a particular locality or business, it readily finds investment in some other place or enterprise. Labor is not so mobile. It is confined in a thousand and one ways. It is necessarily largely restricted to occupations to which it has been trained. It is more or less rooted to localities which speak of home and its associations. It is largely ignorant of the world without. Capital is a citizen of the world, with no definite occupation or home. It suffers little from

fears of isolated position, substitution, dismissal, arbitrary and unjust treatment. Such risks as it runs are very largely its own. How vastly different is life to its possessor under such circumstances!

It is the fear of unemployment which lies at the root of most of the minor fears which Labor entertains. The fear of unemployment is in reality the fear on the part of Labor that capital will not be provided to carry on industry continuously, and under conditions which will afford adequate remuneration to effort. It is an outgrowth of the fallacy that quantity of work is necessarily limited. This fear gives rise to the fear that the introduction of new machinery, or the increased use of machinery already installed, will displace labor; the fear that speeding-up processes will diminish work; the fear that female, child, unskilled, or imported labor will be substituted for skilled; the fear that men of one trade will encroach upon the work for which men of other trades have been specially trained; the fear that the number of apprentices will be so increased as to lessen the requirement for skilled hands; and the fear that long hours and continuous overtime will exhaust employment.

Allied to the fear of unemployment is a class of fears which, as seen, have a special bearing on industrial peace: the fear of discharge and of unfair treatment through the utter helplessness of the isolated workman in relation to the capitalist

employer, and, still more, in relation to a powerful corporation; the fear of lockouts or arbitrary exactions, and the many fears incidental to tyrannical and capricious behavior on the part of those in authority, and especially of subordinate officials toward workers under their direction. This fear extends to the power of wealth to defeat the ends of justice, by corrupting officials and influencing or controlling the judiciary and legislatures, and to the influence also of a class interest and sentiment on the part of the monied classes as distinguished from the working classes. With it are allied the many fears which have a special bearing on health in Industry: fears, for example, of physical injury and ill-health, and of inadequacy of compensation or redress when injury is done.

Arising from the worker's sense of utter helplessness is also the fear, apart from combination, of the absence of any voice in determining the contract on which services are given, and the fear, in consequence, of unfair terms in bargaining and in determining the rate of remuneration, the hours of labor, and working conditions. This extends to the fear of reductions in standards already gained; the fear of individual or general reductions in wages, of increase in hours, of change in customary practices; the fear of resistance on the part of employers to combination; and the fear of methods intended to destroy or weaken organization. Whatever begets

fear of opposition to organization helps to intensify other fears.

Beset by fears at once so numerous and constant, it must be apparent that Labor is in no way capable of putting forth effort to the utmost of its capacity. Where the mind is in a state of unrest, the arm is divested of some of its power, and the hand of some of its skill. Time which otherwise might be freely employed in furthering production, with benefit in opportunity and reward to all the parties to Industry, is consumed in effecting organization against ills that are feared, or in agitation concerning their existence. It is impossible to estimate the waste to Industry from the paralyzing effect of fear upon Labor. Were this paralysis removed, the output of Industry would multiply manifold. And how considerable would be the gain to each of the parties! Labor, assured of all but unlimited opportunity of employment, and of just reward of effort, would immediately become possessed of the zeal which makes for highest efficiency. Capital would cease to lack opportunities of profitable investment. Management would find itself restricted only by its own incapacity. To the Community, commodities and services would become available on a scale and at a price hitherto unknown.

Whilst less serious in their immediate personal consequences than the fears which Labor endures

at the instance of Capital, the fears which Capital experiences at the instance of Labor are by no means inconsiderable or unreal. What these fears are is well known; they have received heightened emphasis under the stress of war. The source of all is the fear that Labor will not be provided in quantity and quality sufficient to carry on Industry continuously, and under conditions which will afford adequate remuneration to investment. Foremost is the fear of strikes, and their consequences. If Labor refuses to work, Capital and Management likewise become idle, unless transferred to other industries. Transfer, however, is not always possible. Capital invested in Industry is partly "fixed" in plant and equipment; and markets, as well as Labor, have to be found for the output of new enterprises. Management, too, becomes identified with particular classes of business, and new openings are not always at hand.

The fear of strikes would be minimized were actual or threatened resort to strikes postponed until other available means of securing redress were exhausted. Unfortunately, strikes are sometimes brought on where no grievances whatever exist. The cause of the so-called "sympathetic strike" may lie wholly beyond the control of the trade or industry affected. Because of uncertainty on so many grounds, the possibility of strikes has become an ever-present fear.

Allied to the fear of strikes is the fear of labor combination, and its attempts to control the labor market, and to restrict output. This fear has greatly increased with the augmentation of Labor's power consequent upon extensive organization and the growth of class consciousness. In Great Britain, at the commencement of the War, many of the fears which occasion strikes found expression in a network of restrictions and regulations which the trades unions, in the years preceding, had succeeded in weaving about Industry. The nation, in its effort to increase production, found it desirable to suspend these restrictions, and secured the patriotic co-operation of Labor to this end. The obnoxious restrictions were all in the nature of limitations upon the freedom of initiative and power of direction, usually of the employer, but sometimes also of the workman. Briefly classified, restrictions of the kind include such practices as hampering the installation of the best machinery, or the speed at which it is worked; preventing the introduction of new processes; limiting the freedom to engage, or to promote, or to put at any kind of work, any workman, irrespective of training, age, or sex. Among such restrictions are also to be included the limitation in numbers of apprentices; the insistence on trade unionism and employment of union labor to the exclusion of any other; the demarcation of employment; the require-

ment of a minimum wage; the objection to systems of remuneration by piece work or bonus systems; and restrictions in hours of work, and the prohibition of overtime.

Analogous to the class of fears begotten of labor control and restricted output, are the fears that "discipline," as it is termed, will be interfered with; that employers will not be free to dispense with the services of undesirable, incompetent, or unnecessary workmen without risking a cessation of work; and that disputes cannot be adjusted except in accordance with methods prescribed by organizations to which workmen belong.

The fear that Labor can be secured, so to speak, only on its own terms, which may involve exorbitant demands as respects hours, wages, and working conditions, is supplemented by the fear that even where a contract is entered into, with precise stipulations, its provisions may not be lived up to. There is the fear also that one concession may be used to force another, and that arbitrary exactions of many kinds may be attempted. Demands for recognition of the union, for the "closed shop," and for compulsory use of the union label are not infrequently cases in point.

Finally, there is the class of fears associated with extreme measures, with revolutionary movements, and with violence, as, for example, the boycott, sabotage, revolutionary socialism, revolu-

tionary syndicalism, the I.W.W.'s, and all forms of anarchy.

An employers' publication in America called "The Square Deal" has the following as its "platform of principles": "No closed shop; no restriction as to the use of tools, machinery or output, except such as are unsafe; no limitation of output; no restriction as to number of apprentices and helpers when of proper age; no boycott; no sympathetic strike; no sacrifice of independent workingmen to labor union; no compulsory use of union label." The negative expressed in each plank of this platform indicates some fear which Capital is constantly experiencing at the instance of Labor, and which, to a greater or less degree, discourages investment in Industry. Naturally, where there is dread of the kind which such fears engender, possessors of capital, as well as industrial managers, think twice before risking loss or impairment of savings, or taking a chance of inadequate returns upon investment. The widespread existence of these fears causes investors to look about for fields in which dangers of the kind are least likely to be encountered. Not infrequently capital is permitted to lie idle in the hope that the shortsightedness of mistaken policies may come to be recognized.

It must never be forgotten that, while capital, itself, is in the nature of material substance, the capitalist is always a human being. While capital

embraces raw materials, plants and their equipments, machines, tools and appliances, warehouses, food, clothing, shelter, and other substances, including money, one and all are owned or controlled by persons upon whose say depends whether or not they shall be made available for purposes of Industry. In proportion as the use of capital brings with it a return in value greater than the value impaired or destroyed through use, there will be safe and profitable investment. The willingness of owners or their representatives to part with principal and interest is increased as reward is certain and considerable. It lessens as the certainty and amount of reward diminishes. It disappears altogether where, instead of reward, there is certainty or even probability of loss.

If it is to be assumed that, but for the fears entertained by Labor of Capital, the output of Industry would be many times increased, it is equally reasonable to believe that corresponding increase in production would speedily result from the elimination of the fears entertained by Capital of Labor. It is in the nature of things that the loss to Labor, to Capital, to Management, and to the Community through non-investment by Capital in Industry can never be known. Were it possible to eliminate the many fears outlined, the owners of capital would enjoy perfect freedom in investing their savings and accumulations in Industry. The amount

of capital thus available for investment would materially increase. Labor would profit through increase in employment and by the larger production from which its efforts are rewarded. Though the rate of return might be lowered, Capital would profit through the larger opportunity of investment, the lessening of risk, and the increased certainty and amount of reward. Management would profit through the wider scope afforded directing and organizing capacity. And with additional gain to each of the contributing parties as consumers, the Community would profit through increase in number and variety of available commodities and services, as well as by a lowering in price made possible through the economies of efficiency and full-scale production.

It is worthy of note that as Capital's fears of Labor diminish, there appears to be corresponding diminution in the fears by Labor of Capital, and *vice versa*. Remove all likelihood of strikes or attempts at restriction of output, and immediately the stimulus to investment of Capital is increased, with corresponding increase in Labor's opportunity of employment and reward. Similarly, remove the fear of unjust exactions by Management and Capital, and of a reduction in remuneration where effort is increased, and immediately fresh stores of energy are released by Labor, with certainty of gain to investment. The reaction of Faith is akin to that

of Fear, in that each tends to foster its like. Faith inspires Faith, and Fear breeds Fear.

Labor and Capital may both suffer from fears which Management or the Community occasions. Whatever produces lack of confidence in persons who have to do with industrial investments, or with the management of industrial enterprises, necessarily gives rise to fear. Evidence of bad judgment in entering upon new undertakings or processes, in estimating markets, in failure to anticipate the effect of changed conditions, reacts to the detriment of all the parties to Industry. Unwarranted speculation, the cornering of markets, stock-watering, fraud, and deception of any and every kind, destroy faith and beget fear. These are the kinds of misfortune and the classes of evil which ofttimes overtake directing intelligence, and ensnare organizing capacity. The borderland between legitimate and illegitimate venture is dim, and there is no kind of ability which has not its peculiar temptation. Shortcomings and excesses on the part of Management can have only one effect upon Capital and Labor, and that is to discourage their efforts in Industry. How often one hears the advice, not to invest in "industrials!" Non-investment in Industry because of avoidable fears can mean only loss of opportunity and loss of reward to Labor, Capital, Management, and the Community.

It would seem that Labor, Capital, and Management had little to fear in consequence of Community activities, since communities are so largely composed of their industrial populations. Unfortunately, there is often very much to fear. Whatever depletes or exhausts a community's resources, whether in manhood or material substance, destroys the source from which, in the ultimate analysis, all Labor and Capital, and all national strength, is derived. How dependent both Industry and Nationality are upon human and natural resources, the stress of war has helped to reveal. In the titanic conflict with the Central Powers, the cry went out from the Allied nations, first for more men; then for more munitions; soon it was more food; then more ships. To meet this vast demand, the effort of government was necessarily directed to finding men, and stimulating the primary industries: men, first of all, to fight, and to manufacture the munitions of war; then men for agriculture, that more food might be obtained; men for the mines, that iron and coal might be obtained; men for the forests that wood might be obtained. At any stage, exhausted manhood or depleted resources would have meant defeat.

Whatever prejudices the peace and health of communities, adversely affects the employment of labor and the investment of capital in Industry. This does not mean that certain industries may

not be temporarily stimulated by war. Where, under government direction and because of public necessity, a high rate of reward is guaranteed, labor and capital flow readily enough from one channel to another. But war is essentially the destruction of capital, as well as of life and morals. When war's artificial stimulus is removed, and its indebtedness has to be met, Industry is left to carry a burden which robs Labor, Capital, Management, and the Community of part of their respective rewards. In carrying this burden, Industry finds itself still further handicapped through the impairment of the capital and labor available for production.

What is true of war in the international arena is true only in lesser degree of waste in any place, in any form, at any time. Wherever strife or lawlessness prevails, Labor ceases to be employed, and Capital tends to withdraw altogether. Until law and order was maintained in the several states of America, Industry failed to establish itself, despite the unprecedented wealth of vast natural resources. The unrest of mining regions, much more than their remoteness from investing centres, has discouraged investment of capital in mining. It is the same with conditions inimical to health. Had it not been possible to control yellow fever, the construction of the Panama Canal might have been indefinitely delayed, notwithstanding its vast significance to

ocean-borne commerce. Wherever Labor experiences serious risk of life or impairment of health, Capital as well as Labor loses some opportunity of employment.

Whatever begets uncertainty and distrust in the action of government alarms both Labor and Capital, and tends to discourage their investment in Industry. Human beings have to be reasonably sure that their earnings and savings will not be jeopardized through unwise or imprudent action on the part of the State in order to put forth their best efforts in production. Habits of economy and thrift essential to the accumulation of capital and its subsequent investment are none too readily acquired. Confidence is a plant of tender growth, and its buds are easily nipped. Reference to "conscription of wealth" as a war measure has occasioned more than one Finance Minister to take note of uneasiness among those whose savings constitute a vital factor in business and industrial life, and to give assurances that there need exist no apprehension on the part of the public that action of a detrimental character would at any time be taken with respect to savings. There are clear indications that capital in the United States has withdrawn from railroad investment because of the uncertain and often conflicting nature of Federal and State regulation and control. Fiscal changes, even where most desirable, affect investment till their probable consequences

become established. Excessive taxation causes both Capital and Labor to forsake one industry, and very often one country, for another. Whatever imperils security, and tends to rob capital of legitimate reward, not only discourages further investment, but leads to the withdrawal of investments already made.

Where the management of a community's affairs is entrusted to a privileged few; where, in government, autocracy and bureaucracy persist, Labor has everything to fear. The working classes of Germany and Austria had no say in the councils responsible for the commencement of war in Europe. They have suffered, and will continue to suffer, as no other classes. Not alone that, but the persistence of autocratic rule in one part of the world subjects all other parts to the menace of its lusts and ambitions. Recognition of this rendered inevitable the combined action of the democracies of the world for the preservation of their common liberties.

Communities must be enlightened, as well as free, if democracies are not to be a danger to themselves. Within the period of the War, revolutionary movements in China and Russia have followed the overthrow of ancient despotisms. Every institution has the limitations of its own peculiar qualities, and the weakness of a democracy is its tendency to be swayed by popular appeals. The

chances of unwise leadership are increased as politics becomes increasingly concerned with issues which lend themselves to popular prejudice. If Labor is to be saved from betrayal and investment in Industry is not to be discouraged, Labor must continue to strive, as its friends in all lands have striven on its behalf, for increased opportunities of enlightenment.

State control and State ownership of Industry have been to some a fear, to others a faith, for many years. Recent experience has produced curious reversals of opinion as to their merits. Whilst the War has fostered State control in unprecedented measure, it has helped also to reveal limitations and dangers. Labor has discovered that State control may mean bureaucracy, not democracy. All classes have seen what it involves of officialism, and the example of Germany has shown that a theory of the state which professes to be for the good of its members may prove a menace to mankind. While some maintain there will be much to fear from an advance of Socialism after the War, others believe that weaknesses inherent in Socialism have been effectively exposed. Is it not possible that, out of the strain and stress of the world struggle, the wheat may be sifted from the chaff; and that the Community's highest interest will be maintained by conserving what has been exhibited of the serviceableness of control, and avoiding what in

equal measure may be proven to be in the nature of undue interference with individual effort?

The fears of Management, apart from such as are shared in common with Capital, are seldom sufficient to circumscribe effort on Management's part. As respects ability to wait, freedom to move about and to strengthen its position through combination, Management resembles Capital rather than Labor. Since at every stage the processes of Industry depend so absolutely upon the successful coordination of effort, some measure of opportunity is ever present to those who possess a genius for this kind of service. Rarely is the supply of high-grade intelligence equal to the demand. Where initiative combined with organizing capacity reaches high levels of successful daring, and effects vast coordination of industrial processes, Management often commands fabulous returns. The chances of reward being considerable, this form of effort is called forth continuously. Only where its expectation of reward is excessive, or where it seeks monopoly, has Management reason to be on its guard. In this respect, its position is on all fours with that of the other parties to production.

In the case of the Community, a fear peculiar to itself has to be added to the fears shared in common with the other parties to Industry. It is the fear of

Labor, Capital, and Management combining to enhance prices by lessening the quantity or quality of commodities or services. This, however, is not a fear calculated to circumscribe effort for long, since Labor, Capital, and Management are in themselves representative of individuals who are consumers as well as producers. Apart from restricted groups within particular trades, there is remote likelihood of a combination to profit at the expense of the Community. Combination by the three parties is much less a danger than the possibility of any one party taking temporary advantage of the others because of its specially favored or powerful position. Within circumscribed areas of particular trades and businesses, however, there is a real possibility of combination prejudicial to the interests of the Community.

Though woefully indifferent to its use, the Community has an ever-present remedy against inimical combination. The complete or partial withdrawal of some privilege or opportunity is usually sufficient to bring recalcitrant parties to book. The more extensive the organization of Industry becomes, the more it depends upon public patronage, and upon the assistance and protection of public or quasi-public agencies. It is but just, therefore, as well as reasonable, that the Community should share, in increasing measure, whatever advantages accrue to Labor, Capital, or Management through

opportunities the Community affords. Regarding Industry as in the nature of social service, this view must prevail. It is Industry serving the public, not levying toll upon it. Once the latter process is attempted, as in the case of extortion through monopoly, profiteering, cornering markets, and the like, the Community is justified in going any necessary lengths to secure adequate redress. Unsocial behavior of any kind is in the nature of privilege biting the hand that feeds it, and is as reprehensible as it is ungrateful.

II

The right of all the parties to Industry to *share progressively* in increased productivity through advantages accruing to any one, is a corollary of the right of each to share equitably in the output. In the long process of the transformation of natural resources into commodities and services available for use, Labor, Capital, Management, and the Community are necessary at every stage. To share the reward of combined effort is necessary, if joint effort is to be attempted. To share progressively in the reward of effort, as effort increases productivity, is equally necessary if, on the part of each of the parties, the highest effort is to be maintained. Whatever occasions fear of inadequate progressive returns thwarts this legitimate ambition and reacts upon effort.

The right to share equitably in the product of Industry, and to share progressively in whatever increases productivity, gives rise to fears which supplement those which have their origin in relation to the respective contributions of the parties to production. The fears thus entertained by Labor are not that Capital and Management may fail to assist in the increase of output, but that their assistance may be to the disadvantage of Labor in comparison with gains accruing to themselves. John Stuart Mill long ago observed of invention, which is an expression of intelligence in its highest form, that, whilst it had vastly helped to increase production, it was extremely doubtful if the toil of the working classes had been appreciably lessened thereby. This statement, while true, is less applicable to-day than in the days of Mill. There can be no doubt that, in many respects, there has been a vast improvement in the lot of the working classes within the last century. But who can say what the present lot of Labor might not have been had the gains which have accrued to Industry through discovery and invention been proportionately distributed?

Management and the control or possession of capital frequently go hand in hand. Unfortunately it has not been so, in like measure, with the Community and Labor. In the division of the product in which all share, Capital and Management have

had the advantage. The circumstance that the combination is an inevitable outcome of the law of supply and demand does not alter consequences, or the fears to which the relationship gives rise. The association of Management with the control of capital serves to augment the fears which both Labor and the Community entertain of Capital and Management. With the growth of the power of organized Labor, there has developed increasing fear on the part of Capital and Management that their share of the output of Industry may become progressively less instead of progressively greater. The probability that, by exactions of various kinds, the Community will in future demand a larger proportionate share of progressive benefits than it has hitherto insisted upon is also occasioning concern to Capital and Management. It may come to cause Labor also to reflect.

Consideration of how best to eliminate fears respecting the distribution of output touches the crux of the industrial problem. How is the just share of each party to Industry to be determined? And how is each to be guaranteed its right to share progressively in increasing productivity, and be held also to the corresponding obligation to see losses proportionately shared?

Were it possible to know the relative value of the respective contributions of Labor, Capital, Man-

agement, and the Community, the difficulty would admit of immediate solution. But where each is necessary to the other, and all are essential and interdependent, it is impossible to say what the relative contributions are, and to accord differences of degree and precedence. Besides, Industry is distributed over so vast an area, its interdependent processes are so minute and varied, that as respects any one part of the whole, it is beyond human ingenuity even to contemplate an estimate of the combined contributions. Assuming it were agreed that all the parties to Industry should share equally, on the ground that being interdependent their contributions were of like value, it would still be impossible to estimate the extent of the contribution of any one party, since it is impossible to know the extent of their combined contributions.

The situation as it actually is, has been well set forth by Professor W. Stanley Jevons, with reference to what he terms "the economics of the labor question," or "the mechanics of production." Professor Jevons says: "Production of wealth consists in the putting together of certain materials, and the working them up into some novel form by the aid of labor — that is by muscular force and mental skill and knowledge. As with the Witches' Cauldron, there is needed

> "'Double, double, toil and trouble;
> Fire burn and cauldron bubble.'

The point of the matter is that like the contents of the cauldron, the results of production form a joint result or medley. All the constituents are thrown into hotch-potch, and as it is impossible to say what part of the product is due to any of the contributions thrown into the cauldron, no natural, necessary, or legal principle of dividing the proceeds can be assigned."

Elsewhere he adds: "No person's share being defined, each must ask for the most which he has any chance of getting, and must content himself with the best which he succeeds in securing. Every contributor enters voluntarily into the hotch-potch, and he cannot demand more than was agreed upon when he entered the partnership. Practically the whole question resolves itself into a complex case of the laws of supply and demand. If any intended partner in the work of production is dissatisfied with the assigned share of the expected produce, he is at liberty to refuse to enter into the business. The other partners then must either concede his demands, or must find somebody else to take his place or must abandon the work. The whole adjustment of distribution of wealth thus hinges upon the question whether one person or thing will do as well as another. A landlord cannot successfully ask a certain rent for his land if another landlord is willing to let an equally good and available site at a lower rent. A workman cannot expect to get forty

shillings a week, while an equally good workman is ready to work at thirty-five shillings. As to simple money capital, it matters little whence it comes, provided it can be had for a sufficient term, and the smallest fractional difference in the rate of interest would therefore be a sufficient cause of preference. The same principle holds true, likewise, of the business capacity of the manager, though in a less obvious manner. . . . The whole affair, therefore, is one of comparative advantages, each contributor to the hotch-potch trying to get the largest share of the proceeds short of the point at which he will drive the other contributors to find other hotch-potches where their share will be better."[1]

All this is far from satisfying; it is doubly disconcerting because obviously so true of existing conditions and methods. It will not help matters, however, to rail at a situation because it is baffling, or because of its seeming injustice. The difficulty or injustice may lie, after all, not so much in the situation, as in our way of viewing it.

Clearly, there can be but one of two attitudes for the parties to Industry to adopt in such a case. They may regard the whole business hopelessly, and say that, in the end, it all comes down to a question of Might, and each may shape an immediate course irrespective of its effect upon the

[1] *The State in Relation to Labour*, p. 90 *et seq.*

possible contributions of the other parties, and its own ultimate reward. Or the parties may view the matter with Reason and with a belief in ultimate Right, and see in the "hotch-potch," not a grab-all for the moment, but something capable of permanently contributing to general well-being and advancement, provided each can be stimulated and encouraged to contribute its utmost share. One or other of these attitudes must prevail. The former attitude is based on Fear, the latter on Faith. There is no room for compromise between the two, and they are exclusive of all others.

A careful analysis of the fears which surround the parties to Industry, and especially Labor and Capital, discloses that, almost without exception, they are bred of mutual suspicion for which, it must be admitted, experience has given ample grounds. Deeper than suspicion lies a belief, sometimes consciously, oftener unconsciously entertained, in *opposed* as contrasted with *common* interests. This suspicion and distrust between the parties to Industry resembles nothing quite so much as the suspicion and distrust on the part of nations which leads ultimately to war. The fear that Labor will not put forth its utmost effort causes Capital to dilute labor, substitute machines, speed up processes, cut rates, and resort to the hundred and one other devices which fill Labor with alarm. The fear that Capital will

seek to take advantage of increased effort causes Labor to restrict output, and to resist attempts at increasing productivity through the introduction of new methods and processes or the promotion of efficiency in other ways. Labor's attitude of resistance fills Capital with alarm. Capital's attitude increases Labor's resistance. And as fears increase, antagonisms develop. A growing class consciousness conceived in mistrust gives birth to vast organization, leading to intensified fears of Labor, on the one side, and of the monied interests, or Capital, on the other. Might comes to be substituted for Right. The fruits of Industry come to be viewed as the surface of the globe is viewed by warring nations: as so much in the way of possession to be apportioned, not by Reason, but by Force. Thus is commenced and developed the same kind of competitive arming which has proven so fatal between nations, the same kind of alliances on the part of opposed groups, the same inevitable drift toward ultimate disaster to all concerned. Such warfare is surely none other than the working of the Law of Blood and of Death which leads to extermination. It can never be supposed that any such sequence was intended as a law of Industry, any more than it is capable of being a law of Life.

Realizing the utter failure of the Law of Blood and of Death to solve the crucial problem of Industry, we are driven to test the efficacy of the con-

trary law, by the adoption of the attitude on which it is based. Let Faith be substituted for Fear; let mutual consideration and confidence supplant suspicion, and constructive good-will replace resistance; let the parties to Industry recognize a mutuality, not a conflict of interest, in all that pertains to maximum production and equitable distribution of wealth; and what is the result? Immediately, fresh energies are released, a new freedom is given to effort in Industry. Productivity is increased, as are also the respective rewards of all the parties.

The selfishness that hoards its talent, lest by others sharing in profit there may be less of individual gain, necessarily defeats itself in the end. Were such an attitude to become general, there would soon be nothing at all to share. Moreover, production and consumption are interdependent. Without production, there can be no consumption; and without consumption, production would be of no account. There is no limit to the earnings of a producer except the inclinations and means of the consumer. The effort that aims at maximum production makes possible increase of individual gain to producers and increase of gain to consumers as well. It is twice blessed: it enriches alike the giver and the receiver. And it is capable of unlimited adoption by all parties.

Here is suggested a possibility as encouraging as the medley of the "hotch-potch" was the reverse.

Whatever allays the fears of Labor, Capital, Management, and the Community brings them forth in larger measure as contributing factors to production. Whatever increases production tends to enhance purchasing power, and so to benefit the parties to Industry. Whatever enhances purchasing power tends, in turn, to increase production. Instead, therefore, of the vicious circle, bred of fears and narrowing continually towards destruction and extermination, the substitution of Faith for Fear provides an enchanted circle widening ever towards increase of effort and increase of enjoyment as well.

The substitution of Faith for Fear between the parties to Industry leads not only to increasing productivity through increased freedom of effort on the part of each; it leads also to increased benefits progressively shared by all. How, as respects principles underlying Peace, the substitution of Faith for Fear may be effected has already been indicated. It remains to consider its application as respects conduct and conditions which bear primarily on Work and Health.

III

The rules of conduct and the methods whereby it has been sought to eliminate Fear and to substitute Faith between the parties to Industry may be variously classified. For the most part, they find a

place in one of the following categories: — methods of industrial peace; methods of vocational training and industrial and technical education; methods of industrial remuneration; methods of industrial organization and management; methods of meeting industrial risks; methods of industrial betterment; and methods of industrial government. There is nothing arbitrary about this classification. In the last analysis, the several methods are as interrelated and interdependent as are the constituent elements of the Law of Peace, Work, and Health. Moreover, they are all more or less subject to change under the continuous play of the powerful agencies of Discovery and Invention, Education, Government, and Opinion. Classification serves the purpose of arrangement only. It is a sort of industrial design which alters as the conditions of Industry change.

Methods of industrial peace have received consideration in treating of principles underlying Peace. Methods of meeting industrial risks and methods of industrial betterment are best left to be considered along with principles underlying Health. Methods of vocational training and of industrial and technical education, methods of industrial remuneration, and methods of industrial organization and management, may be referred to appropriately in considering the principles underlying Work. Methods of industrial government, more

than any of the others, bear on all methods combined, and are therefore best reserved for final and separate consideration.

Since increasing productivity is possible in Industry only through a progressive increase in the efficiency of Industry, it is obviously in the interest of Labor, Capital, Management, and the Community that whatever promotes industrial efficiency should be encouraged, and that whatever tends toward inefficiency should be eliminated or changed.

It is important to understand just what is meant by "promoting industrial efficiency." It certainly does not mean an alteration in the way in which the product is shared, whereby one party to production is enabled to benefit *at the expense of* another.[1] There is, for example, no promoting of efficiency in Industry if Capital, in order to increase its own share of the product, lowers the rate of wages to Labor to a point where the amount to be earned ceases to be adequate as an incentive to energy and skill. Such a false step helps only to lessen productivity, to which Capital as well as Labor must look for its returns. Similarly, there is no promoting of efficiency in Industry if Labor engaged upon an industrial process in which machinery is utilized prevents an improvement in the process whereby output is materially increased,

[1] *Vide* Sidney Webb, *The Restoration of Trade Union Conditions.*

merely to insure the maintenance of its own returns, and to prevent increased returns to Capital through increased productivity. Promoting industrial efficiency means, in any true acceptation of the phrase, promoting *the advantage of all* through improvements in skill, machinery, management, materials, markets, organization, or any other method or means incidental to production, in such manner as to make possible and certain *increased benefits to all the contributing factors.*

An increase in efficiency is usually referred to in business as a decrease in the cost of production. Whatever decreases the cost of production in Industry makes possible increased productivity, and thereby a gain to Labor, Capital, Management, and the Community. Whatever increases the cost of production has the opposite effect. Here, likewise, it is important to understand precisely the meaning of expressions used.

To lead to increased productivity, a decrease in the cost of production must be genuinely such. It must not mean *a decrease in the return* to one of the factors in production, that at its expense some other factor may receive a larger proportionate share of the product. Such action does not relate to *cost of production* at all, but to *the division of the product*, which is an entirely different thing. There is a vast difference between a decrease in the rate of return to any one or all of the several factors in pro-

duction, and a decrease in the cost of production. The two, in fact, are incompatible. A decrease in productivity out of which all returns are made means that there has been an increase in cost. Only an increase in productivity means a decrease in cost.

In a decrease of cost of production, the same amount or a better quality of product is produced with less effort or strain on the part of Labor, or at less cost to Capital, Management, and the Community. With the freeing of some effort on the part of Labor, or some expenditure on the part of Capital, Management, or the Community, a larger productivity is rendered possible through contributions equalling in amount those formerly made. *With a larger product there is the possibility of increased returns, not to one factor at the expense of others, but to all at the expense of none.* There is the possibility of a twofold gain to Labor, Capital, and Management, since they share rewards in increase of productivity as producers and also as consumers.

With the fundamental distinction between *cost* and *rate of return* in production rightly understood, the prejudice against "efficiency," so widely entertained by Labor, may be expected to disappear. It is not against "efficiency" as leading to a lessening in the cost of production, with consequent increase of benefits to *all* the contributing factors, that Labor has inveighed, but against a so-called

"efficiency" which is in the nature of theft, and which is evidenced wherever there is unwillingness on the part of Capital or Management to share in just proportion, or to share at all, the benefits of increased production which efficiency brings. As respects increase of efficiency and consequent lessening in the cost of production, it is to be remembered that the interest of Labor, Capital, Management, and the Community does not cease with *a possible gain:* it extends to *an actual progressive gain* for one and all corresponding to increasing productivity.

Were the respective interests of Labor, Capital, Management, and the Community antagonistic, it would be folly to seek to discover methods whereby the rights of all might be conserved, and progressive gains arising from increased productivity secured to each. Happily, their respective interests are, as regards output, mutually and absolutely interdependent. As regards the division of output, advantages may be temporarily gained by one or more of the parties, but in the long run, failure to protect the just interests of each involves loss, in some measure, to all. It is only by viewing Industry in a comprehensive way that this fundamental truth can be grasped. Once appreciated, it will be seen that it is to the advantage of the several parties to Industry to find means whereby, for the sake of larger permanent gains to all, injustice to any one of the parties may be avoided.

In no surer way can workmen attain a sense of freedom in the exercise of effort and consequent increase in efficiency than by acquiring a thorough understanding of and skill in their particular occupations or trades. Knowledge lies at the root of freedom of effort, as freedom of effort lies at the root of efficiency, and as efficiency, it might be added, lies at the root of the reward of effort. To acquire skill and understanding is a matter of experience and training.

In a régime of Industry limited to the use of hand tools, as under the domestic system, training was for a term of years, in accordance with the prevailing custom of apprenticeship. The skilled apprentice who had acquired his craft became a journeyman. In the course of time, he might become a master. Training and experience were the avenues to promotion. To-day, the same avenues remain, but they run through a vastly different tract. Industry, for centuries, was a matter of simple hand processes, more or less complete in themselves. The entirety of processes was readily understood and afforded opportunity for the keenest sort of enjoyment in high grade and artistic workmanship. Industry, as constituted to-day, is a series of infinitely detailed processes, in which the worker too often becomes a more or less mechanical part of a vast machine propelled by forces beyond his control, and possessing a complexity far

beyond his ken. Skill remains, as it always has been, a first requisite to the free performance of effort, but it is a kind of skill different from that demanded by the old handicrafts. Understanding of his own part in production remains essential to the worker's maximum efficiency. Such an understanding to-day involves knowledge vastly more extensive than any required of workmen in earlier years.

If the workman to-day is to be afforded opportunity to progress in his trade, and to be given an understanding of industrial processes sufficiently comprehensive to make the part played by his own work intelligible and enjoyable, his training can no longer be left to Chance, or even to the direction of those immediately superior to him. He must be afforded opportunity to acquire skill and an understanding of industrial processes, under instruction specially devised to meet the requirements of his particular occupation in its relation to the whole process of production. Such opportunity is being gradually provided under the development of Vocational Training and Industrial and Technical Education.[1]

[1] While Minister of Labor, I had the privilege of recommending the appointment by the Government of Canada of a Royal Commission on Industrial Training and Technical Education. The Commission was appointed June 1, 1910, and made its report three years later. (*Report and Evidence*, vols. I–IV, King's Printer, Ottawa, 1913.) The reader will find in the Report comprehensive information concerning the systems and methods of industrial training and technical education in America and in the several countries of Europe, as well as most valuable suggestions and recommendations.

Vocational Training and Industrial and Technical Education are in no sense substitutes for general education of either a primary or secondary character, or an alternative to university education. They ought to be supplementary to general education, which aims at increasing intelligence, and especially at developing powers of observation and self-expression.[1] Vocational Training and Industrial and Technical Education utilize this development in ways that are likely to be of advantage to the worker in his specific occupation and in a large way to Industry itself. By developing skill in the worker and affording a much needed understanding of industrial processes, Vocational Training and Industrial and Technical Education make possible more efficient service on the part of Labor, with possible increase in Labor's earning capacity. More efficient service by Labor means also a lessening in the cost of production, which makes possible increased reward to Labor, and increased rewards to Capital, Management, and the Community as well.

Of Methods of Industrial Remuneration which are calculated to beget a sense of freedom in effort, and which therefore are specially adapted to promote efficiency, it is certain that experience has revealed no single method possessing a monopoly of

[1] *Vide Memorandum of Garton Foundation.*

advantage.[1] On the contrary, methods wholly different have disclosed much of individual merit. The practice which in the long run is apt to do most by way of promoting efficiency, through harmonizing the interests of Labor, Capital, Management, and the Community, is pretty certain to be in the nature of a combination of features broader than any possessed by a single method.

What Labor is really concerned about as regards remuneration, is adequate reward of the effort put forth. What Capital and Management are really concerned about is adequate reward for their investments and services. What the Community is really concerned about is adequate value in services and commodities for purchasing power. The method of remuneration of Labor which helps most to secure adequacy of returns all round is the method which is likely to prove the most productive of efficiency, and, in the long run, the most advantageous to Labor.

What is earned, rather than what is received, or paid, is the fundamental consideration. Men should get what they earn, and should earn what they get. The amount of product must be looked to as the determining factor. The thing paid for is the result, not the time spent on obtaining it.

Where remuneration is the incentive to effort, if

[1] The reader is referred to *Industrial Efficiency*, by Dr. Arthur Shadwell (Longmans, Green & Co., London, 1909), reference to which source is hereby acknowledged.

effort is to be adequate, remuneration must be adequate. The real interest of the parties to Industry lies in the incentive being adequate to call forth the best that is in the worker in energy and skill; in other words, the utmost of his will and capacity. If the best is to be expected of a man, he must be given the fullest opportunity to make the best of himself.

Wages, like hours, may be excessive or deficient. They are too high when they lead to laziness and indifference, and too low when they are insufficient to stimulate effort. Adequate wages are beneficial alike to Labor, Capital, Management, and the Community, in that they lead to a maximum of effort and a minimum of waste.

It is seldom possible to determine readily what are adequate wages. Much depends on the class of work to be performed and the amount of energy and skill required; on the character and temperament, and even on the heredity of the worker. Much depends, too, on circumstances and conditions such as the available supply and demand of labor, the hours to be worked, the quality of materials supplied, the efficiency of the plant and equipment, and other indeterminable factors. With remuneration, as with all else in industrial relations, to secure efficiency is a matter of proper adjustments. Account must be taken of human as well as economic considerations. The incentive

must be adjusted to the individual. "The ideal condition economically," says Dr. Arthur Shadwell, "would be an automatic mechanism which would exactly adjust the incentive to the individual, or the wages to the work, thereby eliciting the best of which each is capable. This would be equally advantageous to the wage-taker and the wage-giver, and to the community to which both belong, because there would be no waste. Its perfect realization in industry is no more practicable than any other sort of perfection, but some methods of remuneration come nearer to it than others, and their comparative bearing on efficiency can be gauged accordingly."[1]

Proceeding to estimate the various methods of remunerating Labor, by reference to the economic principle of "adjusted incentive" or "the differential treatment of varying capacity," this eminent authority finds that, of all methods, the farthest removed from the ideal is that of *Time-wages* at a uniform rate, in that it presupposes an equality which has no existence, and is therefore based on a false principle. *Piece-work*, on the other hand, he regards as obviously based on the sound economic principle that workers should be paid according to the value of their work. Where Time-work is adjusted to individual capacity, the principle is the same as that underlying payment by the piece.

[1] *Industrial Efficiency*, p. 390.

That Dr. Shadwell in his analysis is right, must be apparent to all who, like him, have had a wide range of observation and experience. How is it, then, that Labor, which is primarily interested in the method of remuneration best calculated to assure it amplest returns, is so averse to payment on a piece-work basis, and inclines so strongly to payment of a standard wage on a time basis? To attribute this to sheer laziness, or to a desire to degrade all workers to the level of the least capable or industrious is as untrue to the facts as it is unfair to human nature. Workers in Industry are just as inclined to put forth effort for the sake of reward, just as ambitious, just as eager for individual recognition, as individuals of any other class in society. Nor are the leaders different from others in these respects. If in appreciable numbers the workers fail in these qualities, it is because the path of bitter experience has bred feelings of fatality concerning the circumstances of their lot, and because, in the immensity of the struggle in which they are involved, they see little hope of gaining a reward which they consider adequate, little opportunity of rising to a higher level, and little scope for individual initiative or individual attainment.

As a matter of fact, it is not the desire to ignore talent, but a belief that in some manner beyond their control special skill or exertion will be ignored,

or, what is worse, exploited, that provokes among workingmen a reaction against piece-work payment, and a desire for payment on a time basis. As Dr. Shadwell has pointed out, *the minimum time-wage*, on which Labor insists, is itself a sort of tacit and unconscious-protest against a uniform rate, since a minimum implies possible variations which are not to fall beneath a certain point but may rise above it. Likewise, the real meaning of the "*living wage*," he finds to lie in the fact that wages are the incentive to work, and must be adequate to produce it. Where men are forced by necessity to work below a standard which constitutes a living wage, labor, while apparently cheap, is really dear, because "sweated" Labor is either unwilling or without capacity.

If payment on a piece-work rather than on a uniform time basis is to be maintained in Industry, it can be so only through affording grounds sufficient to lead to the substitution of Faith for Fear as respects the consequences involved. Foremost must come the certainty that if a man increases his output by working harder, he will continue to reap an advantage by so doing. This means that employers must refrain from cutting down the piece-price in order to reap, at Labor's expense, the benefit of increased exertions on the part of Labor. Such practice vitiates the whole principle of piece-work payment by destroying the capable worker's incentive.

Since it inevitably results in a lessening of productivity, it deals a fatal blow at efficiency, leads to a consequent increase in the cost of production, and justifies the prejudice on the part of Labor against this method of remuneration.

Piece-work, moreover, must not be rendered illusory in practice through employers providing bad material or machinery. The temptation to "speed up" machinery, thereby overtaxing the energies of the worker, is something which must also be guarded against, though it is not likely to be a source of danger where the rate of speed is controlled by the worker himself. The fear that jealousy between workers may be excited through competition is less an evil than the danger that incentive may so vanish as to leave little room for competition. The example of the more capable and industrious should prove a stimulus rather than an irritant to less efficient workers where certainty of enhanced rewards is rendered apparent.

Once confidence is established in the piece-work basis of remuneration through the assured maintenance of the principle on which it is founded, that, namely, of workers being rewarded according to the value of their work, the stimulus of ordinary piece-work may be increased in various ways by additional rewards based on evidences of different individual capacity. In technical language, this is the principle of the "intensive differential rate." Refer-

ring to *intensive piece-work*, Dr. Shadwell says: "It takes different forms, but generally consists in paying each worker a higher price (i.e., a differential rate) for each piece or job in proportion to the rapidity and quality of his workmanship. This automatically adjusts the incentive to the individual who has the choice of earning more or less according to capacity and industry. The employer is able to pay higher wages for quicker work because he gets a larger output for the same machine cost. He divides with the worker the advantage accruing from the difference."

Organized Labor, in some trades, has protested against this method on the ground that it resembles the *task system* of wage payment and creates jealousy and ill-feeling. It is clear that a rare impartiality must be exercised in any attempt to apply the principle of the "intensive differential rate," and that a just discrimination is difficult. Unless, in practice, suspicion of favoritism or of undue pressure can be avoided, this method may well serve to arouse rather than allay unrest.

Similar in purpose to payment by the piece is *the premium or premium bonus plan.* It consists in offering additional pay for more output in a given time, or for less time expended on a given piece, or for economies effected with respect to power, supplies, or materials used in production. The premium may be differently calculated according to

the nature of the work. It may be on a time basis, so much by the day or week with additional pay for curtailment of the time required for a given result, or on a piece basis with a bonus for the less time expended on a given piece. Or it may be on a basis of inverse ratio to quantities of power or materials consumed. The method is open to the same kind of dangers as payment on a piece-work basis, and prejudice against it can be overcome only by the same regard for the maintenance of standard rates irrespective of the premiums or bonuses allowed.

In the remuneration of Labor, the fears of Capital, Management, and the Community are just as important a consideration as those of Labor. If productivity, in which all share, is to be increased through improved relations, Capital, Management and the Community, as well as Labor, must have their faith increased through the elimination of their fears. All payment based on the principle of "the adjusted incentive" and "the differential treatment of varying capacity," tends in this direction.

Labor cost is only one element in the total production cost. There are in addition the cost of premises and equipment, including plant, power, tools, and machinery; the cost of maintenance, raw materials, and supplies; the expenses of management, including superintendence and direction of processes; and there are the risks of various kinds

to property and person which become chargeable upon Industry. It is quite conceivable that "the differential incentive," whilst it elicits the best efforts of each man by paying him according to value of output, offers no incentive to him to promote the interests of the whole by care of machinery, by economy of power or raw material. It may, through the effort to increase his own output, lead the worker to be extravagant of many things. If cost of production is to be kept down, something more is required which will give to the wage-earner *a direct interest in the success of the undertaking as a whole.* Such an interest limits the tendency toward extravagance in the use of the property of others, and has the advantage of reducing the need and the expense of supervision. A direct interest in the success of an undertaking as a whole is to the prevention of waste in production what a knowledge of industrial processes as a whole is to intelligent and sustained effort.

"A thoroughly effective method of remuneration," says Dr. Shadwell, "includes both principles, (1) the differential incentive, which acts on the individual as such; and (2) profit-sharing, which acts on him in his collective capacity, as a member of a body bound together by common interests and working for a common end. By increasing the efficiency of labor, they diminish its cost, and so increase profits though wages rise."

IV

A consideration of Profit-Sharing connects the study of Methods of Industrial Remuneration with the study of Methods of Industrial Organization and Management, and Methods of Industrial Government. As such it marks a convenient point of transition from the one to the other. Inasmuch, however, as profits have to be made before they can be shared, it may be well, before attempting a critical analysis of the merits of Profit-Sharing as an underlying principle of work involving co-operative effort, to glance at certain features of Industrial Organization and Management which relate mainly to production.

In reviewing the factors which make for efficiency through the freeing of effort and the prevention of waste, certain factors will be seen to contribute primarily to the remuneration of Labor, others primarily to the remuneration of Capital and Management. All are equally important; all are, in fact, inseparable. In the short run, some factors may bring immediate and relatively greater advantage to Labor; others, immediate and relatively greater advantage to Capital and Management. In the long run, however, advantages gained by any of the parties to production can be maintained only through an equitable sharing of their benefits.

Foremost among factors of immediate concern to Capital and Management are the use of Labor-Saving Machinery, and the adoption of what is termed "Scientific Management," in Industry. Both operate in much the same way; both are capable of much the same kind of service; and both are open to the same kinds of objection and abuse.

Labor-Saving Machinery frees human effort by simplifying industrial processes, by lessening the degree of skill and dexterity demanded, and by enabling the same amount of output to be produced with a less expenditure of time and human energy. Labor which otherwise would be needed to effect the original amount of production is thereby set free for additional service or other employment. Labor-saving machinery helps to relieve Capital and Management of many of the uncertainties attendant upon a limited labor supply. In articles which lend themselves to mechanical treatment in production, it makes possible a uniformity of design, texture, and quality, and an output in quantity wholly unattainable under processes requiring more in the way of personal attention and service. By making possible a larger output under like expenditure of effort, the use of labor-saving machinery not only yields a higher return on capital, but renders possible a larger rate of remuneration to all the parties to production.

It would seem from this to be as much to the interest of Labor as to the interest of Capital, Management, and the Community that, wherever possible, advantage should be made of labor-saving machinery and devices, and their use encouraged, not prevented. And yet the record of the introduction of labor-saving machinery into industrial processes by Capital and Management is largely a story of active, and often violent, opposition on the part of Labor. The explanation of this opposition is not far to seek. Unacquainted with the processes of Industry as a whole, and seeing only the part, and that, oftenest, but the fractional part of particular processes on which it is engaged, Labor sees in devices and machinery for saving labor, something sinister so far as its immediate employment is concerned. It sees itself done out of its job, in whole or in part, or if not out of its job, out of its customary wage or a proportionate share in the return to its effort when coupled with the services of the machine. It sees, too, in the use of labor-saving machinery, means whereby, through "speeding up," a larger demand can be made upon its energies for the same reward. Finally, Labor sees in the introduction of labor-saving machinery its own status reduced, its part in the industrial process rendered more and more mechanical, and its scope for initiative and development restricted instead of widened. Instead of experiencing the satisfactions

which flow from creative and original work, it finds its occupation becoming more and more that of "policing" and tending machines. These are serious matters, for they affect not only the means of gaining a livelihood, but also the self-respect, character, and personality of the worker.

Under the ruthless stress of world-wide competition, employers are obliged to avail themselves of every legitimate advantage offered. Moreover, they cannot be expected to be responsible for the social consequences which Invention brings. Their business is to maintain Industry at a profit; otherwise all go under, instead of a few. How, then, are the opposing attitudes of Labor and Capital toward Invention, and the use of Invention, to be reconciled? Clearly, the only solution is to be found through the substitution of Faith for Fear by the elucidation of the larger view, which discloses, in the long run, not *opposed*, but *common* interests, and which stimulates effort toward the common good.

It must be made apparent to Labor, in the first place, that material progress depends, in the long run, on advantage being taken of all that makes for increased efficiency in Industry, and that while some degree of suffering is inevitable in all change, the greatest good for the greatest number is likely to be furthered as a consequence of Invention. The comparison of human desire to the legendary tree which rewarded each stroke of the axe by

doubling the number of chips, and to the oil in the widow's cruse which increased as drawn upon is wholly to the point. The worker must be enabled to see that an invention which reduces labor by half may, through the lowering of cost, increase the demand for output manifold. Labor must be helped to understand that the quantity of work to be done in the world, or in any part of it, is not limited save by available capital and community demand; and that both available capital and community demand are likely to be augmented by whatever enables the same expenditure of time, capital, and human effort to produce commodities of like quality in larger quantities, or commodities of like quantity in better quality, or both. Labor must also be shown wherein labor-saving devices relieve work of much of its drudgery, and save the worker strain and exhaustion, thereby preserving his energies for the fuller enjoyment of the fruits of his labor. The additional avenues of employment opened by the necessary manufacture of new machines, and the extra skill so often required to cope with the increased complexity of machinery, are further compensating features of which account should be taken.

When labor-saving machinery is about to be installed, care must be taken to see that Labor understands its significance in the process of Industry as a whole, and that, along with the other parties

to Industry, Labor is permitted to share on a just basis in the larger output which results from the increased efficiency labor-saving machinery brings. Care must be taken to see also that Labor is not robbed of a part of the fruits of its efforts through "speeding-up" processes. Where there is actual displacement of Labor, new opportunities of employment should be found as quickly as possible, and provision of a right and proper kind made for Labor that is displaced.

The view that Industry is really in the nature of social service, and, as a consequence, that it is to the advantage of society to have efficiency in Industry furthered to the uttermost, clearly places an obligation upon the Community to see that hardship is not suffered by human beings who, through no fault of their own, find their services displaced, in order that the Community may profit. So, too, the Community must seek to offset the "dehumanizing" effects of mechanical routine by having regard for working hours and other conditions surrounding employment, and by providing increased opportunities of personal development within and without Industry. It is surprising how much may be done to reconcile Labor to sacrifices demanded by the introduction of labor-saving machinery, by regarding Industry as a social institution, and making plain to Labor the measure of social service it is capable of rendering. Consciousness of the

kind means both increasing the intelligence of Labor, and quickening its sense of responsibility for the conduct of Industry as a whole. To effect this, Labor must be taken into the confidence of the other parties to Industry. Capital and Management must explain the significance and bearings of all proposed changes, and consider their social and economic consequences sympathetically. Agreement must be reached as to the rate of introduction of new inventions, the conditions under which they are to be worked, and the rate of remuneration. These are matters which pertain to government in Industry. Upon the successful solution of the problem of government in Industry, more than on all else, the promotion of industrial efficiency depends.

"Scientific Management" is the term used to express a system of organization in Industry whereby the whole routine, down to the smallest detail, is organized by the management acting through a staff of efficiency experts.[1] Such a system lends itself, as does labor-saving machinery, to an increase in output. The two are closely allied in many respects: the one is actual machinery, nothing more or less; the other, methods, which are a kind of invisible machinery. By increasing efficiency through expert methods, scientific management

[1] *Vide* Hoxie, *Scientific Management and Labor* (D. Appleton & Co., New York, 1916); also Bulletins of the Taylor Society, a Society to Promote the Science of Management.

lowers the cost of production. It helps to avoid confusion and overlapping in effort, strain and exhaustion on the part of the worker, and waste of time and materials in many directions. As such it is not only profitable but highly commendable in the interests of all the parties to production. And yet Labor is profoundly suspicious of its merits and as openly hostile to its introduction in Industry as to the introduction of labor-saving devices. The reasons are obvious.

The objections of Labor to scientific management and to the use of labor-saving machinery are necessarily much the same. They spring from the same kinds of fears, for which experience has afforded ample justification. There is, in the case of scientific management, as in the case of the introduction of labor-saving machinery, the fear that while wages may be augmented, the rate of increase will not be at all proportionate to the gains accruing to Capital and Management. This fear is related to the reward of effort. It is less substantial, however, than the fear of change in the status of the worker, which is a more serious thing. By carrying efficiency to the last point, in an organization of Industry already mechanically subdivided in the minutest way, Labor sees itself still further robbed of the chance of exercising initiative and originality, and of developing capacity or opportunity for promotion in its work.

With the development of the vast mechanism of Industry through use of natural powers, Labor has come to regard itself as little more than a cog in a wheel. In the refinements of organization carried out by efficiency experts, Labor sees itself, as regards personality, reduced to something less than a cog. A natural instinct causes revolt against a system which reduces a human being to a mere automaton, and work to a series of endless repetitions of some mechanical act. The monopoly value of special skill once gone, the worker sees the possibility of his becoming a mere atom in a drifting waste of unemployed. Obviously, instincts which become roused against possibilities of the kind have been developed in man for purposes of the preservation of his manhood. It matters not how dull and unintelligible their expression may be, their presence in the slightest degree is evidence of what may be left of the unquenchable spark of the god-like. Such instincts cannot be regarded with too great reverence.

There is a point at which all things may be pressed to the antithesis of what they are. It would be unfortunate for the good to Labor, Capital, Management, and the Community which scientific management, moderately practised and wisely conducted, is capable of producing, were the abuse of this system to be mistaken for its use. Orderly arrangement is the first of all essentials to co-oper-

ative effort, and all that is best in scientific management is little more than getting rid of confusion and perfecting adjustments. This *is*, in fact, scientific management. The practice that carries adjustment to the point that it unfits human beings for further adjustment is in reality unscientific, and the management that allows such a practice is defeating its own ends.

To simplify tasks, to eliminate superfluous effort, to prevent fatigue and overstrain, is but to enhance capacity for work, and enjoyment of its fruits once the hours of labor are over. These are objectives, the advantage of which to itself, as well as to the other parties to production, Labor will be the first to grasp. But an objective sometimes requires to be explained. Frequently it is necessary to make clear that an objective means just what it purports to mean, nothing more and nothing less. If it is for the good of all, and not for the good of some at the expense of others, then all should have an opportunity of understanding the process in relation to their own lines, and to the processes of Industry as a whole.

Where co-operation is desired, there must be co-operation; not a one-sided arrangement, but co-operation all round. To remove the just suspicions of Labor, and to attain its co-operation in the introduction of scientific management, Labor must, as in the case of labor-saving machinery, be taken into

confidence; it must be shown that, in relation to the new method, or instrument, or whatever it may be, its interests and the interests of the other parties to production are *common*, not *opposed;* that what means an increase of profits to Capital and Management and increased benefits to the Community, means also an increase of profit to Labor, and this in fair proportion. Similarly, Labor must have its opportunity to point out wherein a practice presenting apparent immediate advantages may in the long run prove baneful and injurious. If any practice proves harmful to Labor itself, sooner or later, it must prove harmful to all the other parties to Industry. To give to those to be affected by scientific management a direct interest in its application, and some share of control over its workings is to help to remove unfounded prejudice. In this way Faith is accorded the place formerly occupied by Fear; and a system which, rightly understood, and rightly applied, is of advantage to all concerned, is given a chance to proceed on its own merits, without which it were better not to proceed at all.

In estimating the factors which make for avoidance of waste and freedom of effort, where the services of multitudes of individuals have to be combined, and Industry as a whole has to be organized, there are no limits to wise direction and skilful adjustment. Consideration has already been given

to this aspect of Management in its relation to industrial efficiency in dealing with the parties to Industry, and also in treating of the principles underlying Peace. Still further consideration will be given the same subject in dealing with the principles underlying Health, because physical, mental, and moral efficiency is at the basis of all efficiency in Industry, and their enjoyment is the supreme end of Industry itself.

This is, perhaps, a convenient place to emphasize further the inevitable relation of sound management to a knowledge of human nature. Personnel management is a staff function comparable to the sales, financial, and producing functions.[1] Keeping in mind the importance of understanding human nature in all that pertains to management, consideration of profit-sharing as a method of industrial organization, as well as of industrial remuneration, may be resumed.

V

In its most complete form, Profit-sharing develops into self-governing workshops of which the workers are sole proprietors, and in which all are on an equal footing. The introduction of profit-sharing, notwithstanding, is as much feared, and as

[1] *Vide* Sidney Webb, *The Works Manager Today*, New York, Longmans, Green & Co., 1918.

intuitively disliked, by Labor, as is the introduction of labor-saving machinery and scientific management. Here, again, it is not theory that is at fault, but practice. Much that is called profit-sharing is not profit-sharing at all. Much that would be profit-sharing, were the principle on which it is based rightly maintained, is transformed into profit-stealing, because the principle is falsified through the cupidity of avaricious employers. Labor finds it difficult to reconcile a theory that is fair with practice that, at times, has been full of meanness.

As the term "profit-sharing" is generally used, it means the distribution among wage-earners of part of the net profits of an undertaking. Where the rate of return at which Labor is rewarded in the first instance is the standard rate, so that the share which Labor receives from the net profits is in no sense a restoration, in whole or in part, of the wages it should have received before net profits were estimated, the objection of Labor to this method of rewarding effort is in large measure removed. Often, however, in estimating net profits, Capital and Management are tempted to regard the remuneration of Labor as an item in the cost of production to be kept as low as possible. It is hard for Labor to believe that this is not what is generally done, and to understand why, if extra payments are available in the form of dividends out of net earnings, they

should not be as readily available in the form of higher wages at the outset.

To have Labor appreciate the principle on which profit-sharing, in the true meaning of the term, is based, it is necessary, as with the introduction of labor-saving machinery and scientific management, to substitute Faith for Fear by rendering apparent to Labor the interest which Labor, along with Capital and Management, has in the business as a whole, and the part which efficiency plays toward increasing the output. Where, through a misunderstanding of the principle, and misuse of the practice, this interest is not consciously present, Labor is almost certain to regard the many different forms of profit-sharing, gain-sharing, prosperity-sharing, bonus, premiums, and the like, as alternatives to wages, or as acts of benevolence made possible through its own efforts in the first instance, or as a means of reconciling the recipients with otherwise unsatisfactory conditions, or with the denial of rights and privileges shared by Labor elsewhere.

It may be admitted at once that Labor's fears concerning profit-sharing have found justification in actual experience. Wages, in some instances, have been kept within a narrow margin, to be supplemented by the share of profit which Labor has subsequently received, or have been cut in consequence of the better showing profit-sharing has occasioned.

Workers have been made to feel that the shares or "allowances" or "bonuses" which they have received have been a part of the employer's benevolence rather than a part of earnings to which they were justly entitled. But this is a kind of fear that may be readily overcome. Where standard rates of wages prevail in particular industries, the firm that accepts the standard rate as a basis of wage payment in the first instance, and adheres to the practice, will soon overcome prejudice on this score.

Especially through the attitude, either expressed or implied, that profit-sharing is a substitute for membership in a trade union, has reason been afforded for opposition to profit-sharing by Organized Labor. But this, too, is a source of fear which need not offer an insuperable difficulty. Once the condition is expressed that the plan of profit-sharing adopted is apart altogether from any conditions respecting membership or non-membership in a union, the substance of this fear is dispelled.

Even where such a condition or suspicion does not exist, there is yet another ground on which Organized Labor fears profit-sharing. Trade-union effort to raise the status of Labor seeks reinforcement from a growing belief among workers in the solidarity of Labor. Whatever tends to weaken or destroy the class interest is apt to be viewed with misgivings as likely to lessen the possible power of organization as a whole. Profit-sharing, in some instances, has

had this effect upon wage-earners who have participated in it. That class consciousness may diminish as profit-sharing extends is naturally anticipated. When, however, it is asked what aim trade-unionism has, other than that of raising the status of Labor, it would seem that a practice which helps to effect this aim should be welcomed as an ally by Organized Labor, not feared as an undermining influence.

Broadly speaking, Labor is ready enough to appreciate an ally where there is cause to believe in its worth and enduring fidelity. It is not surprising, therefore, to find that, where the result of profit-sharing is genuinely such as to improve the status, and not merely the temporary earnings, of workingmen, Labor's opposition to profit-sharing has not only been silenced, but profit-sharing has found some of its strongest advocates in the ranks of trade unionists. It is in the form of what is termed *co-partnership* that profit-sharing has won this larger measure of confidence.[1]

Some authorities contend that only co-partnership is deservingly entitled to be called profit-sharing. Like most other forms of industrial remuneration and industrial organization, there are, as

[1] *Vide* Aneurin Williams, *Co-Partnership and Profit-Sharing* (Home University Library, London); also Price, *Co-Operation and Co-Partnership* (The Nation's Library, London), reference to both of which sources is hereby acknowledged.

respects co-partnership, degrees and variations that pass more or less imperceptibly from one to the other. What broadly distinguishes co-partnership is that, besides entitling the workers to a share in the profits earned, on the basis of the wages earned, it involves also, on the part of the workers, a share in the capital, and in the responsibility and control of the business as well. The extent of the ownership of capital, and of the control, varies considerably. The ownership of capital may be confined to a single share on the part of a limited number of the workers; and the control, to a voice in the election of a director. Control may extend to a complete ownership of all the capital of a business and exclusive direction of its affairs. In such a case, it is identical with the *self-governing work-shops* which were the ideal of John Stuart Mill and the early Christian Socialists.

Co-partnership, according to what might be termed standard practice, means that after Labor and Capital in a business have each received a return in accordance with the accepted or prevailing rates, and other items of the cost of production have been duly cared for, an additional sum is paid out of the excess of profits to Capital on a percentage basis in accordance with the amount invested, and to Labor also on a percentage basis, usually of equal rate, on wages earned. Instead, however, of the additional payment to Labor being in the form

of cash, it is made in the form of the acquisition, or payment on account, of shares on which interest becomes payable at the same rate or at a rate differing somewhat from that payable on original shares. As shareholders, the workers become entitled to elect members of the Board of Directors, or committee of management, though they remain under the direction of the management as regards discipline and the discharge of their duties as wage-earners. Real co-partnership always involves not only a share in the property, but a voice in the management. This does not mean interference in the management, a right which no shareholder possesses; but it does mean representation on the Board of Directors, while leaving wages intact.

In England, Labor co-partnership is being extensively practised in connection with certain of the gas companies, conspicuous among the number being the South Metropolitan Gas Company of London, where it was introduced in 1886, first among officers and foremen, and, three years later, extended to employees generally. The Wholesale Productive Co-operative Societies of Scotland, or, as they are termed, "The Scottish Wholesale Societies," are also conducted on the basis of paying to Labor, in addition to its earnings, a dividend in the form of interest-bearing shares, which entitle their owners to a voice in the selection of directors.

A new feature comes into evidence in connec-

tion with the Wholesale Societies which widens the scope of co-partnership. The Consumer appears as another factor entitled to share in the net profits. He receives, jointly with Labor and Capital, a dividend from profits in the form of shares. The dividend is based on amount of purchases; the shares bear interest and entitle their owners to a voice in the control of the business. This, again, does not mean interference with management, but representation on the Board of Directors while leaving prices intact. The customers in the case of the Scottish Wholesale Productive Societies are for the most part the Retail Co-operative Stores, which provide a known and certain market. The principle of giving to all concerned a direct interest in the success of the undertaking as a whole, through the holding of shares and some element of control, is the significant factor in co-partnership.

All profit-sharing is a form of co-partnership, and all co-partnership is a form of co-operation. There is no fundamental distinction between the two, only a difference of degree. Properly carried out, profit-sharing merges automatically into co-partnership, and co-partnership automatically into complete co-operation. But just as, in the course of development, co-partnership has come to be distinguished from profit-sharing in other forms, so co-partnership may be distinguished from what is generally signified in speaking of co-operation, which

does not necessarily accord to the workers a share in the ownership of the capital, or a voice in the direction of the business, but restricts these privileges to consumers.

Some advocates of co-operation would confine its operation in practice to limiting the sharing of the dividend to Capital and Consumers. This is what is referred to as "the Rochdale Plan" of Distributive Co-operation, and is the method of the English Retail Co-operative Societies, which are virtually owned and controlled by the large body of consumers who have obtained shares on the basis of their purchases, but which exclude from this right the workers in the business.

With respect to Co-operation, as with all else, experience has been helpful in demonstrating that the application of principles necessarily varies with circumstances and the genius of a people. Self-governing workshops, which to the originators of the movement seemed to represent its ideal development, have not to any extent increased in numbers or importance over a long series of years. This has not been because the principle underlying co-operation is not a good one, but because in practice its application by workingmen has been attended with difficulties its advocates did not foresee, or the force of which they failed to take account of sufficiently.

Under world-wide competition in Industry and

Commerce, there is the necessity of operations being conducted on a large scale. This involves large initial outlays of capital, and a high order of skill in organization and management. Neither capital nor exceptional ability are readily obtainable by Labor where it seeks to confine the ownership and control of business to its own class. Often successful at the outset, co-operative undertakings frequently become thwarted, either through an unwillingness on the part of the workers as a body to remunerate ability at the rate which it readily commands in the open market, or through unwillingness to submit at the hands of their fellows to the discipline which is essential to the successful management of any large undertaking. Moreover, among any considerable body of workmen, assertion of individuality is sure to arise and demand "the differential treatment of varying capacity."

Co-partnership has been most successful where a market has been more or less definitely assured, and where the industry has been in the nature of a monopoly. Co-operation in distribution has had a considerable growth where consumers in large numbers, feeling the pressure of economic necessity, have had an inducement to save, sufficiently strong to guarantee their patronage of particular concerns, and sufficiently large to ensure appreciable returns. In the case of one and all, the spirit has been the really vital factor. Co-operation, in its different

forms, where it has not been a religion with its promoters, has had the inspiration of the gospel of human brotherhood as its high incentive. Its success has demonstrated that there is no inherent conflict between business on a large scale and Christian principle; rather has it proven that as a guiding motive, Christian principle has more in it of true democracy than any other.

Labor's suspicion of the very thing that in the long run is most in the interest of Labor comes as a surprise to the student of industrial efficiency. It is a fact, nevertheless, and one which cannot be ignored. As we have seen, it matters not whether it be piece-wage payment, labor-saving machinery, scientific management, or profit-sharing, the introduction of any one or other of these methods of promoting industrial efficiency invariably begets some suspicion, and sometimes active resistance. This cannot be put down to mere ignorance or obstinacy on the part of Labor. Much of Labor's incredulity, as pointed out, is due to deception for which Capital and Management are wholly responsible. In part, it is instinct safeguarding manhood. In the main, however, it is in the nature of reaction against change, common enough to all classes, where the purposes of change are misunderstood and its consequences unforeseen.

To reconcile Labor to innovations and to effici-

ency methods of one kind or another; and to win Labor's co-operation with the other parties to Industry, in an endeavor to further to the utmost a common aim, two things are necessary. Labor must be given an understanding of industrial processes as a whole, and also a direct interest in the success of undertakings as a whole. *A common knowledge and a common interest* are essential to call forth the highest effort toward a common end. Moreover, since Industry implies co-operative effort, regard must be had for men in their collective capacity. To concede to Labor collectively some element of control, as respects both industrial conditions and industrial rewards, is necessary to afford a common knowledge and a common interest. Control is a matter of government. Therefore, to give due effect to principles underlying Work, as well as to principles underlying Peace and Health, there must be some understanding of the methods of government in Industry whereby functions are easiest co-ordinated, and principles most effectively applied. Before, however, passing to a consideration of methods of government in Industry, it may be well to conclude the study of the Law of Peace, Work, and Health, by a glance at some of the principles underlying Health.

CHAPTER IX

PRINCIPLES UNDERLYING HEALTH

HEALTH denotes physical, mental, and moral well-being. As such, it is the basis of efficiency, and lies at the very foundations of Industry and Society. Labor's long and persistent struggle for improved industrial conditions is but the outcome of a craving common to all for a better, happier human lot. It is the expression of a desire for the enjoyment of normal life, and cannot be rightly understood apart from the aspirations of the human spirit. Demands for higher wages, shorter hours, proper working conditions, greater independence, are not to be interpreted as necessarily sordid and selfish. Most frequently they are in the nature of wholesome protests against both sordidness and selfishness. Labor has felt its finer sensibilities blighted and crushed under the tyranny of excessive toil and brutalizing environments. For generations, it has been "ill-paid, ill-housed, ill-nurtured, ill-taught." Under circumstances considerably improved, it has come to recognize that man does not live by bread alone. The voice that is heard above the din and confusion of the world to-day is that of Labor demanding a fuller and a freer life.

Fundamental concepts in industrial relations find

conspicuous illustration in considerations which pertain to the health of workers in Industry. In speaking of the principles underlying Health, it seems more natural, than in the case of peace and work, to shift the emphasis from the sacredness of possession to the sacredness of life; to weigh against each other the relative values of personality and its rights, and property and its rights; to compare standards of living with standards of trade; and to contrast human resources with material resources. It is easier also to recognize Industry as a public service, and to divert attention from individual self-interest to community well-being. Little is required to demonstrate the interdependence of health and efficiency, of industrial economy and social welfare; or the inevitable bearing of existing conditions upon posterity and progress.

Industrial peace and industrial efficiency are more often a matter of conditions affecting the health and sense of justice of workers in Industry, than anything else. Conciliation, Mediation, and Arbitration presuppose the need of adjustment. Where this need arises from conditions that are fundamentally wrong, nothing but a change of the conditions themselves will ensure industrial peace. Harmony on the surface, where there is just cause for discord beneath, is good neither for Industry nor for the Community. That is why Investigation is so important. It plumbs the depths. It reaches

down into conditions as they are, not as they appear. It is as bearing upon the health of workers, and unfairness of conditions, that appeals are made in the name of social justice, and sympathy is sought for issues which underlie industrial strife. Strikes and lockouts have had mostly to do with working conditions related immediately or remotely to the physical and moral well-being of workers in Industry. Organization of Labor is avowedly for the purpose of securing to Labor some control over working conditions. It directly combats the view that, as respects conditions, the employer's will is necessarily law, and the sole determining factor.

Once it is seen that industrial peace and efficiency depend, in the last analysis, on industrial conditions, and it is realized that industrial conditions are the resultant of many causes, of which Industry itself is but one contributing factor, the onus of the maintenance of peace and efficiency will be seen to lie not less upon the whole Community than upon the immediate parties to Industry. "The law runneth forward and back." Whether it be Industry in its relations to the Community, or the Community in its relations to Industry, there remains the imperative need of establishing and maintaining standards of working conditions which will have regard for the perils incident to modern Industry, and for the necessities of human existence.

We may thank community growth for the devel-

opment of a community sense. As communities increase in size and density, their activities become increasingly inter-related and interdependent. Impulses which ordinarily stand in direct opposition to each other are brought into co-operative accord. Sooner or later, the point is reached where self-interest combines with humanitarian motives in the pursuit of altruistic ends. The common good comes of necessity to be the common concern. Organized effort in the control of health is due to a desire to protect the strong as well as the weak. The point of view of obligation toward social and industrial conditions necessarily shifts from an individualistic attitude to one of collective responsibility, and an organic view of society. Like the principles underlying Peace and Work, the principles which underlie Health are expressive of this attitude of belief in *common* as contrasted with *opposed* interests. They necessarily reveal a spirit of mutual consideration and constructive good-will. In like manner, they evidence discernment between human and material values, and are founded upon the recognition of personality.

Nor is Health less closely related, than Peace and Work, to Faith and Fear. Health is shrivelled by fear; it expands with faith. Consciousness of well-being comes through a sense of freedom born of the elimination of fear. In industrial and international relations, the principles which underlie Health are

those rules of conduct and methods of organization which beget a sense of freedom in well-being by the elimination of fear and the establishment of faith between individuals and their personal and material environments.

I

As concerns the conservation of health and life, the consequences to the Community and to Industry are much the same where loss, impairment, or decay comes as the result of inimical conditions, in the one or in the other. The prevention of accidents, the control of disease, the safeguarding of physical and mental energy, in Industry, and in activities of the Community apart from Industry, are essential in the interests of both. A nation's population is its first asset. If from any cause a country's population be reduced in numbers or vitality, its strength relatively is weakened. If men are drafted for the army, they must be taken in large part from Industry; if killed, wounded, or enfeebled, Industry suffers. If, in Industry, human life is destroyed or impaired, the nation's man power is thereby lessened. If unsanitary surroundings and congested industrial areas breed disease and spread contagion and infection, no distinction of either person or class is respected. No service to the Community or to Industry can be greater than

that which contributes to the prevention of accident and disease, or any form of impairment of health and efficiency. In a multitude of untold ways and directions, all such service is twice blessed: it conserves the ability to serve, and it conserves the capacity to enjoy.

Fear is most in evidence where there is danger of loss of life or impairment of health through accident or disease. It is not surprising, therefore, to find that measures to ensure immunity from these causes have been recognized long since as essential to community well-being. Public safety and public health are everywhere promoted by the fixation of standards, enforced by voluntary and public agencies of a municipal, state, national, and international character. The work of administration, cooperation, investigation, and education on the part of these agencies, whilst primarily in the interests of the Community, is nevertheless in the nature of a direct contribution by the Community to Industry. Whatever avoids the loss of life and limb, or prevents, controls, or eradicates disease, is not only of benefit to the Community as a whole, but in a special way increases productive power, and thereby the ability of investors to earn profits and workingmen to earn wages.

All voluntary and public effort to promote safety, sanitation, and hygiene, to prevent accident, to destroy infection and contagion, whether

it be related to proper water supply, to sewage disposal, to pure food, to proper housing, ventilation, lighting, and recreation, to medical supervision, or to any other form of social control in the interest of safety and health, may very properly be viewed in the light of service rendered Industry by the Community for which the Community has a right to expect service of like kind on the part of Industry. Instead of proper standards of working conditions in Industry being viewed as a concession by Capital to Labor, they should be regarded as at least the necessary complement of those measures of public safety and public health which are primarily for the benefit of the Community as a whole, and which are also of direct and immediate benefit to Capital and Management.

Whatever differences of opinion may exist concerning the degree of prudent regulation in Industry, there are extremes in conditions which leave no room for doubt as to the need of some action. The first of such conditions to be recognized were obvious injury to health, and to life and limb, through the employment of children, young persons, and women for long hours and in unsuitable occupations, and employment of persons of all classes in dangerous and unguarded positions.

Before the ruthless and devastating nature of unrestricted competition became apparent, the

health of women and children was mercilessly sacrificed to the greed of employers whose avarice was whetted by the opportunity of vast gains afforded by the introduction of machinery, and the use of material powers in Industry. Government commissions exposed the horrors of the situation, and the early factories and mines acts, designed primarily to protect child and female labor, were the result. Laws against combinations of workingmen were maintained upon the statutes to serve the interests of selfish employers, who also protested against state interference of any kind on behalf of adult males, on the theory that men were well able to protect themselves But the injustice, as well as the impossibility, of prohibiting associated effort on the part of Labor soon became apparent, as did also the inability of adult Labor, whether organized or not, to protect itself against the dangers of vast mechanical development. In the course of time, the protection of life and limb by legislation aimed at the prevention of accident, irrespective of sex or age, came to be recognized as imperative.

At length it was discovered that, as a cause of industrial inefficiency, disease was vastly more serious than accident; and public authority was extended, from dangerous callings and the safeguarding of life and limb, to unwholesome occupations and the protection of the health of workers. From insecure and unwholesome occupations, state in-

terference passed to unsafe and unsanitary surroundings, to be supplemented by legislation relating primarily to education and subsistence. To this class of legislation belong the Truck Acts, the Public Health, Housing and Education Acts, the Minimum Wage Acts, in England, and similar enactments in America. All share in common the aim of protecting the standard of life against degradation. It is evident that this aim underlies comprehensive programmes of national reconstruction now being formulated in different countries, of which transportation, housing, health, education, and government in Industry constitute outstanding features.

Where a minimum standard of maintenance is to be assured, the cost of living, the relation of wages and prices, the quality as well as the quantity of commodities, require attention. Hence there has arisen the enactment also of laws pertaining to the restraint of trade, to unjust combinations, to the regulation of rates and prices, and to the adulteration of foods. Last of all, has come recognition, as well, of varied social, intellectual, and æsthetic requirements. Communities are learning that a prescribed minimum of leisure, recreation, education, and subsistence is essential to health and efficiency, and that the establishment of such a minimum is a necessary foundation of human well-being. The maintenance of a higher general standard of life by

the extension and unification of liberal labor laws, as well as by their rigid enforcement, is demanded not more by justice and humanity than by economic necessity and industrial efficiency.

Even in countries which enjoy the reputation of having advanced codes of labor laws, it is not to be supposed that extreme conditions no longer exist, or that the maintenance of labor standards does not require the utmost vigilance. There is, for example, greater unanimity of opinion as concerns the employment of women and children than is to be found with regard to any other kind of labor legislation. I find in a report I prepared for the Government of Canada in 1909, respecting conditions in cotton factories in the province of Quebec, the following facts concerning the employment of women and children, disclosed under oath at the time of the inquiry:

"Of the operatives employed in the Quebec cotton mills 42.3 per cent are females and 26.6 per cent are persons under 18 years of age. As to the hours of labor of these two classes, it was asserted that in normal times and under normal conditions, work should begin on week days at 6.15 o'clock in the morning and continue to 12 noon, resume at a quarter to 1 and continue till 6, with the exception of Saturdays, when there was work only in the morning. . . . Though the minimum age at which children can be employed is fixed by the Quebec

law at 14 years, several children were brought before the Commission from among those working in the mills who admitted that they had entered upon employment under the legal age. Some of these children were so immature and ignorant that they were unable to tell the year of their birth, or their age. One little girl did not know the meaning of the word 'holiday,' and when it had been explained to her, stated that the only holidays she had known were Christmas and Epiphany. She had never received a week's vacation. One or two children admitted that they knew their parents had made false declarations as to age, and that they had been told by their parents to say what was untrue, when questioned on the point." [1]

Public opinion everywhere to-day would support the view expressed in the findings with reference to conditions as they were at that time: that the hours of labor of women and young persons in the cotton mills were too long; that the law respecting the employment of child labor should be so amended as to provide against possible infractions in the future; and that, as regards the employment of female and child labor, a special responsibility devolved upon shareholders and all other persons profiting by the results of such labor.

For Public Opinion to be effective, it is necessary that it be made an informed Opinion. Public Opin-

[1] Report of Royal Commission to inquire into industrial disputes in the Cotton Factories of the Province of Quebec, printed by order of Parliament, King's Printer, Ottawa, 1909; pp. 16–17.

ion was sensitive to humane considerations at the time the inquiry in question was being held. It required little more than the publicity of the inquiry to cause the Government of the Province of Quebec to act upon recommendations of the Report, and thereby considerably to advance legislation with respect to the employment of women and young persons in that province. The fact, however, that during the inquiry the heads of the companies concerned expressed themselves as much surprised to learn that child labor was being employed contrary to law, is perhaps as good an illustration as could be afforded of the wisdom of recognizing four parties to Industry, and of ensuring to the Community, as well as to Capital, Management, and Labor, respect for its voice in regard to conditions which vitally affect its own well-being.

A humane conception of Industry demands recognition of many factors. The impairment of health and life which comes by slow and imperceptible degrees in the form of depletion of nervous energy and exhausted vitality occasioned by the strain and fatigues of Industry, accounts for enormous losses to the Community and to Industry. With the changes that have come through the discovery of new processes, the invention of mechanical and electrical devices, the utilization of new powers, *intensity*, in contrast with *duration*, of

effort, has become an increasingly important consideration. The dangers incidental to *strain* which arise from intensity of effort constitute a class of evil against which it is not possible to take too great precautions. The effect of strain and intensity of effort in employment is something that cannot be gauged by the generally accepted methods of classification based upon external evidence. Visible criteria, such as age, sex, and hours, may be applied up to a certain point; then it becomes necessary to take account of other elements in the human equation, and to consider a variety of physiological and psychological reactions.

As illustrating the many considerations of which account must be taken in safeguarding the health of workers in Industry, and the necessity of great precaution on the part of the State, not only as a protection against present injustice, but in the interests of a nation's human resources, it may be opportune to refer at this point to facts elicited in another important inquiry. In February, 1907, the Canadian Government appointed a Commission, of which I was named the chairman, to inquire into matters pertaining to the employment of telephone operators.[1] The Commission held its sittings in Toronto, and seventy witnesses in all were

[1] Report of the Royal Commission on a dispute respecting hours of employment, between the Bell Telephone Company of Canada, Ltd., and operators at Toronto, Ont. Ottawa: Government Printing Bureau, 1907.

examined, including twenty-six physicians, selected mostly from the medical faculties of Canadian universities.

There seems little about the occupation of telephone operating to make it a matter of special concern on the part of the State. It is commonly thought that any girl with intelligence may quickly acquire the skill necessary to become a successful operator. To the onlooker, except at the switchboard of some large exchange, when the wires are carrying "the peak of the load," telephone operating seems to afford plenty of opportunities of rest, and even, at times, of recreation. How considerably telephone operating differs from other occupations in which women are commonly employed, is not observed until attention is drawn to the strain upon the nervous system which the work under most conditions involves. Contrary to general belief, the work is not automatic or mechanical, but requires considerable mental effort, and real mental capacity.

In most occupations in which female labor is employed, strain is mainly physical. In telephone operating, there is physical strain through the reaching required to make connections at switchboards, through inability to relax, and the fatigue of long continued sitting in one position. In addition, the special senses of sight, hearing, and touch, the faculties of speech, memory, and perception,

are called into operation not only continuously, but in a concerted manner; when not actually employed, they are not resting, because necessarily upon the alert. The brain is in constant use, the mind on the *qui vive*. Not only are the special senses active, but there is a high tension on the special senses, and a certain amount of mental worry. The strain is in proportion to the nervous force exhausted, and the exhaustion of nervous energy is a matter only of degree. The liability to occasional injury from shocks, the irritation caused by the intermittent glowing of lights reflecting the impatience of users, the occasional buzzing and snapping of instruments in the ear, the sense of crowding where work accumulates, the consciousness of supervision, the sense of responsibility in responding to calls, and the inevitable anxiety occasioned by seeking to make necessary connections whenever a rush takes place, all combine to accentuate the strain upon the nervous energies of an operator. These factors are present in lesser degree in other callings in which women are engaged. A woman's nature, moreover, is peculiarly sensitive to reproaches; to be liable to harsh words without means of redress tends to intensify the nervousness of operating an exchange.

The manner in which operating is sometimes carried on adds to a strain which, under almost any conditions, is considerable. Cost, service, and abil-

ity to secure operators are determining factors. They lead, in telephone operating, as in other businesses, to the adoption of methods whereby a maximum amount of work may be secured at minimum cost. In this connection, elements enter which relate to switch-board economy, and which affect the duration and intensity of employment, such as overloading, high pressure, double work, overtime, and team work. All are necessarily subject to some regulation, but there is hardly a point at which the health and well-being of operators do not come into direct conflict with the desire for gain.

In estimating the full significance of factors such as those mentioned, it is also to be remembered that the class of persons employed as operators is composed mostly of girls and young women between the ages of seventeen and twenty-three. Persons of these years are preferred to others because of the greater facility with which they learn the work and acquire dexterity. These are years during which the nervous and physical system of a woman is peculiarly sensitive to strain and susceptible to injury. Harm done or impairment of the system sustained at that period of life, is apt to be more far-reaching in consequences than effects from similar causes at maturer years.

It should be mentioned, too, that the work of telephone operating does not appear to be of a kind to fit a woman for any other occupation or calling.

There is added significance, therefore, in the fact that the average time spent by operators in the service is from two to three years, and that the period of service is usually given at the time when a young woman is best able to acquire the training which is to fit her for gaining a livelihood.

Before giving their opinions, the physicians who testified before the Commission were asked to visit the central telephone exchange and consider the effects upon the optic and auditory nerves, and upon the physical and nervous systems of the operators, occasioned by the factors mentioned. Without exception, the physicians testified that conditions as they had witnessed them meant constant nervous strain which could not but seriously react upon the physical health of the operators. Nearly all testified to personal knowledge, acquired through professional experience, of the deleterious effects of the work upon the constitution and nervous system. The high state of nervous tension was dwelt upon, as well as its inevitable effects in depletion of nervous energy, culminating sooner or later in debility, breakdown, and prostration. Comparisons were made with other occupations, but none of the physicians were able to cite an industrial calling in which the tension on special senses was so high over so long a period of time, and in which there appeared to be equal strain during a like period of work. Especially did the doctors refer to

the consequences of prolonged strain in its effects upon community well-being. It was pointed out that, while present strain might lead to nervous breakdown in years to come, the final results of strain might not be apparent even to operators themselves. Ill effects might be passed on to succeeding generations.

The possible deleterious effects of strain in Industry generally upon future generations are matters for medical opinion, and should be made a subject of expert medical investigation. The new place of woman in Industry makes more imperative than ever the need for such expert inquiry. Few, I imagine, who are interested in human well-being will take exception to the findings of the Commission that "the working of women at high pressure should be made a crime at law as it is a crime against Nature herself"; and that "where it is a question between the money-making devices of a large corporation and the health of young girls and women, business cupidity should be compelled to make way." [1]

[1] I should not like to have it inferred that conditions as they at present exist in telephone exchanges are necessarily injurious to the operators. The inquiry referred to was held over ten years ago, and related to conditions as found at that time, and only at the exchange to which the appointment of the Commission had special reference. Before the Commission's duties were completed, conditions were so altered by the Company that the Commission was enabled to report favorably upon the change. Moreover, it was stated in evidence at the time that the exchange in question compared unfavorably with others. Reference is here made to the subject solely for purposes of illustration.

In estimating strain and tax upon nervous energy and vitality, there are, in addition to concentrated attention and intensity of effort, four factors which contribute in no uncertain measure. They are speed, noise, complexity, and monotony. Pressure of any kind, not included within this group, should be added as a fifth. The consciousness of ever-present supervision may produce a nervous strain upon sensitive workers greater than that of the speeding-up of machinery, the incessant din of hammers, or complications of intricate industrial operations. To a pressure of employment at one time and uncertainty of employment at another, there must be added, in the case of many a wage-earner, ever-present trying domestic circumstances and responsibilities. Thus far in industrial regulation, the cumulative effects of subjective influences and of combined physical and mental strain have been all but wholly ignored. They are of the very essence of the forces which are helping to undermine, not alone the health of hundreds of thousands of individuals, but also the vitality of coming generations.

Wages below the minimum of subsistence must be viewed in much the same light as hours of work beyond the point of endurance. Experience has proven that, from a social standpoint, "sweating," however occasioned, begets the most pernicious consequences. Experience has falsified the view

that the legal minimum wage begets indifference. It is true that what is the minimum of subsistence, and what the point of endurance, may vary as between individuals and races. But possible variations do not affect substantial realities. The recognition of a minimum wage as well as a minimum age, of maximum strain as well as maximum hours, is absolutely essential if regard is to be had for the safety and health of workers.

What physical and mental overstrain, and underpay and underfeeding are doing for the race in occasioning infant mortality, a low birthrate, and race degeneration, in increasing nervous disorders and furthering a general predisposition to disease, is appalling. These are the problems which require first consideration, if decadence is not to be the fate of industrial communities.

The losses which still arise in Industry from preventable causes are enormous. Frightful as are the losses in war, they are paralleled by sacrifices in Industry of which the world takes little or no account. Indeed, the horrors of war should rouse us to a consciousness of the horrors of Industry, for they are the same. Death by the explosion of a shell in battle is no different from death by the explosion of dynamite in a mine. The loss of a leg, of an arm, of an eye, is the same whether incurred in a factory or in a fort. Tuberculosis is tuberculosis whether

contracted by the cutting of granite or in a trench.[1] Poisoning is just as painful and just as fatal when it comes from white lead used in plumbing as from enemy gases. It is questionable if war has any diseases more hideous than some from which men and women in Industry have suffered and died. Exhausted nerves, wasted energy, depleted vitality: these are not the peculiar inheritance of armies. Few industries have not had their hosts of shattered humans.[2]

In the summer of 1910, I attended a meeting of the International Labor Association, at Lugano, Italy. Among the subjects discussed was the industrial disease known as phosphorus necrosis, or phosphorus poisoning. The aim of the International Association is to bring about uniformity in the industrial laws of the different countries. The Association was seeking, at the Lugano meeting, to secure common action among the nations to compel the universal adoption of an available sub-

[1] *Vide The Battle with Tuberculosis and How to Win It*, by Dr. D. Macdougall King. Lippincotts, 1917.

[2] The reader is referred, amongst other sources, to the many excellent reports contained in the United States Department of Labor, Bureau of Labor Statistics, Industrial Accidents and Hygiene Series. The latest report (issued in June, 1918), upon *Mortality from Respiratory Diseases in Dusty Trades*, is one of the most important and illuminating of the entire series.

The reports of the committee appointed by the British Minister of Munitions to investigate conditions affecting the health and welfare of workers are another exceedingly valuable source. These reports are being printed in condensed form by the United States Department of Labor.

stitute for white phosphorus in the making of matches. It had arranged international conferences on the subject as early as 1905 and 1906. Here the *Law of Competing Standards* in Industry was in evidence again. The International Association saw clearly that a much needed reform might lead, in the very countries which adopted it, to the sacrifice or loss of the industry concerned, unless all nations could be induced to adopt essential standards. Matches manufactured under inferior labor standards in one country, being brought through international trade into competition with matches made under superior standards elsewhere, might soon gain the market, and inferior labor standards thereby succeed in driving out the superior. Only by giving international scope to the law of mutual aid could this possibility be overcome.

Phosphorus necrosis has been known in the match industry for over three quarters of a century. It is caused by the absorption of phosphorus through the teeth or gums. Minute particles of the poison enter, usually through the cavities of decayed teeth, setting up an inflammation, which, if not quickly arrested, extends along the jaws, causing the teeth to loosen and drop out. The jawbones slowly decompose and pass away in the form of nauseating pus, which sometimes breaks through the neck in the form of an abscess. Where swallowed,

as is inevitable, the pus induces chronic toxæmia. Treatment is largely preventive, but when the disease is once established a serious surgical operation is often the only means of arresting the process of decay. In many instances of poisoning, it is necessary to remove the entire jaw, and in several cases both jaws have been removed in a single operation. Many cases of necrosis have resulted in death.[1]

A few years ago, the French Government made a state monopoly of the match business. Numbers of match workers contracted the disease and became a charge on the State. The authorities were alarmed, and the Government instituted an inquiry to find a substitute for white phosphorus. What is known as sesqui sulphite was discovered by two French chemists and adopted by the Government. It was this substitute, made available to all countries, that the International Association was seeking to have introduced under international convention.

It is an interesting commentary on industrial conditions as regulated by public and private interests respectively, that when the French Government found itself obliged to use part of the revenue it was deriving from the match industry to maintain diseased workers, it undertook to provide a remedy. Privately owned manufacturing concerns, which

[1] For information on this disease, and the measure of success which has attended its eradication, the reader is referred to the American Association for Labor Legislation, New York.

felt little or no sense of responsibility for the health of workers, continued existing processes without seeking to adopt any substitute for the poisonous material.

In the session of the Canadian Parliament following the meeting of the International Labor Association, I introduced a bill to prohibit the manufacture and sale of matches made with white phosphorus.[1] The bill was modelled upon legislation enacted in Great Britain. Before presenting the measure to Parliament, I sought to discover to what extent the disease known as phosphorus necrosis had found a beginning in Canada. The following statements are from the joint report of two officers of the Department of Labour as quoted in the House of Commons in the course of the debate on the measure:

"Miss ——, aged between 22 and 23 years, resided with her parents at —— street. Her death took place about a year ago. The following brief statement concerning her illness and death was made by her mother:

"She commenced work in the match factory at the age of 14. Her term of employment there lasted about 7 years, when she had to cease work. Her trouble commenced with toothache and extended to the jawbones, finally affecting the whole face.

[1] The bill was before Parliament at the time of prorogation in the summer of 1911. It has since been enacted. It was reintroduced at a subsequent session of Parliament by Hon. Thomas W. Crothers, K.C., Minister of Labour in the administration of Sir Robert Borden.

During the last stages of the disease she was completely blind. Her illness covered a period of 19 months. She was attended by Dr. ——. She was admitted to —— Hospital on two occasions, where operations were performed, and was released from that institution shortly before her death. During the last few years she worked in the match factory she earned $1.25 per day.

"Dr. ——, the first of the physicians referred to by the mother, states that phosphorus poisoning was the cause of this young woman's death. The other physician did not wish to be interviewed."

"Miss ——, 38 years of age, resided at ——, died May 5, 1910, after an illness of seven months.

"The statement in connection with the illness and death of this woman was obtained at the home of her parents. She had worked in the match factory for eight or ten years before her teeth began to give her trouble. Dr. —— then ordered her to have five teeth extracted, the operation being performed by Dr. ——. She continued to get worse, and Dr. —— was consulted, who said that she had poisoning of the blood, caused by fumes. She was admitted to —— Hospital on March 5, where she remained till May 3, two days before her death. While in the hospital she was operated upon several times, and portions of the jawbone extracted. Each of the two physicians who attended this woman during her illness was seen in reference to this case, and both stated that the cause of death was phosphorus poisoning."

"Miss ——, aged 25 years, resided with her parents at ——, died on April 17, 1910. The following facts were elicited in a conversation with her father, mother, and sister:

"She died on April 17, 1910, after an illness of about a year, at the age of 25. She had worked in the match factory about five years before her troubles began. She was admitted to the —— Hospital during the summer of 1909, and was under the care of Dr. ——, of ——. She had all her teeth extracted and portions of the jawbone removed. Was confined to bed for five months and endured terrible suffering from ulceration of the jaw and decay of the bone. In describing the cause of her death, the expression used by one of her parents was, 'She died of consumption, caused by swallowing pus from ulcerated jaw.'"

The three deaths referred to in these quotations all occurred during the very year in which the bill was presented to Parliament. The report mentioned other persons who were thought to have succumbed to the disease, and cited numerous instances of men as well as women who at the time were suffering from phosphorus poisoning. So unbelievable were some of the cases reported that before making mention of them in Parliament, I visited the homes of some of the sufferers and verified the statements by personal observation. One woman I talked with had both of her jaws removed entirely, her mouth was full of abscesses, and she had been rendered an invalid for the rest of her life. At another home, I talked with a woman who had been bed-ridden for four years from the effects of this disease. She was without a lower jaw. She told me such was the condition of the bones at the

time that during her illness she had pulled her jaw out with her own hands.[1] To such a frightful condition can Industry, insufficiently controlled, bring human beings made in the image of God!

I cite these examples of a hideous industrial disease to illustrate how little is known, even to-day, of much that is destructive in Industry at our very doors. Had the Government of Canada not been asked to become a party to an international convention to prevent the use of white phosphorus in the manufacture of matches, the disease might have gone on claiming its victims in increasing numbers for years to come. The homes of the workers I visited were little more than a stone's throw from the buildings of Parliament itself.

In the light of what the War has revealed of the physical condition of industrial populations, the patriotism of such exposures will hardly be doubted. If apology be needed for resurrecting a condition so appalling, and happily now a thing of the past, it will be found in the words with which I concluded the presentation of the matter to Parliament. In the Hansard report of the House of Commons Debates, I find the following as of January 19, 1911:

"We talk a great deal in these days about the conservation of natural resources, but more important than the conservation of natural resources

[1] *Vide* Report, Hansard, House of Commons Debates, Canada, January 19, 1911.

is the conservation of human resources, the conservation of human health and of human life. Resources are well enough; our lumber, forests, ore, and minerals were given to us for a purpose, but they were given for the preservation, and not for the destruction, of life. So in the Department of Labour we have taken as one of the objects before us, as part of the work which I trust it will be possible to carry on through the years to come, this important question of the preservation of health, the conservation of human life, the protection of the working people, the great mass of the people of this country, from occupational or other diseases which help to undermine the strength of the nation. If this country is to be what we wish it to be, a country of happy, contented and prosperous people, it will be only by safeguarding the lives and welfare of the many, and by protecting from injustice and ill the homes of the humble in the land."

The War has postponed the hour of social reform, but it has served to arouse communities to the need of improvement in social conditions. A "revitalized citizenry" is now seen to be a part of the problem of preparedness and defence. An awakened social conscience demands that conditions which make for ruin and decay in urban or rural communities must be eliminated, that the well-being of society as a whole may be conserved. I can think of no service possible to render Humanity greater than that of scientific research into occupational diseases, and the fatigues of Industry, and their effects upon the well-being of mankind.

The recognition of Industry as being in the nature of public or social service is very recent, but the emphasis given this point of view by the War will prove enduring. Once Industry is so regarded, all that is to be said on behalf of those who serve the State in time of war becomes equally applicable to those who face the perils of Industry through long and continuous service in times of peace. Where Industry exacts toll in life and limb, and in loss of health and vitality, its effects, in these particulars, are identical with those of war, and are in every way as deserving of consideration.

Just as, prior to the War, fear of accident and disease was responsible for the beginnings of the assertion of community rights, and the recognition of collective responsibility on the part of communities, so fears aroused by the War, fears likewise related to the conservation of human life and health, have overridden the individualistic attitude, and asserted the community or collectivist point of view as respects manhood, resources, industries, talent, and all else. The control which, in times and under the stress of war, has been shown to be possible, as well as necessary, in order that community well-being may be preserved, is pretty certain to be regarded by Labor as equally applicable in times of peace and greater freedom.

II

It is not possible to lay down hard and fast lines as to the basis upon which immunity from loss of life and physical injury, and from disease and deterioration, may best be secured. The time, methods, and limits of the application under authority of principles respecting the conservation of health and life are not subject to any rule sufficiently absolute to serve as a guide.

It will be observed, however, that the elimination of fear has lain at the root of all regulation Industry has thus far undergone. In the case of women and children, it has been mostly the fear of permanent injury to health; in the case of men, the fear of physical disability. All regulations respecting safety appliances, sanitation, ventilation, lighting and the like are the outcome of fears of physical injury, or of loss or impairment of life or health and efficiency. In determining the need of control in new directions, what is obviously for the good of the community, what will best serve to eliminate fear and thereby bring the greatest happiness to the greatest number, is about all there is to come and go on.

In determining the good of all likely to result from the application of any principle by authority, regard must be had to possible evil consequences which may follow through oversight of other de-

termining factors, or through possible error in the occasion, manner, or degree of the application attempted. Good done by the elimination of fear is sufficient justification only in the absence of probability that birth will not thereby be given to equal or greater fears. The whole matter of social legislation, as an eminent authority has expressed it, is "a complex calculus of good and evil," "a question of probability and degree."[1] Not one consideration, but a multitude of considerations, enter to determine what is best. Probability may indicate direction, but experience and experiment are the only sure guides. At the same time, there is no private right, or law, or custom, so absolute or inflexible that it may not be cast to one side, if it can be clearly shown that it menaces personal health or stands in the way of community well-being. In the conflict between the temporary interests of selfish individuals and the permanent welfare of nations, the latter is alone entitled to consideration.

Wherever, in social or industrial relations, the claims of Industry and Humanity are opposed, those of Industry must make way. Whilst all man-made law is but a system of arbitrary rules defining the terms on which people may best live in each other's society, and as such is "a system of adjustments and compromises founded upon experience

[1] W. Stanley Jevons, *The State in Relation to Labor*, p. 16. London, Macmillan & Co., 1887.

and trial," both experience and trial have proven that where life and health are at stake there can be no compromise with contrary interests. The guarantee of rest on one day in seven; the restrictions upon excessive hours of work in the case of men; and the still further restrictions upon night work and upon hours in the case of women and young people; the prohibition of female labor in certain classes of employment and of child labor in general; all these are evidences of a regard for human life which long and tragic experience has shown to be imperative.

While much may be looked for from motives of self-interest and of humanity, experience has taught, with respect to accident, disease, and strain, that neither self-interest nor humane considerations are to be relied upon to protect individuals or the community against ignorance and thoughtlessness, and the still more pernicious influences of viciousness and greed. The enjoyment of normal life can be attained only through conformity to laws that pertain to health; and conformity to laws in the matter of health, as in all else, is the result of either voluntary or enforced obedience. By prohibition, by regulation, by inspection, the State, in numberless ways, has admitted the principle that the life and health of workers is not a matter which the workers themselves can be expected effectively to safeguard.

Standards of living conditions and standards of working conditions are now definitely recognized as wholly essential to community well-being. Their maintenance at a proper level over ever-wider areas is becoming more and more recognized as a matter of public concern.

Wherever, for want of restriction or regulation, there are legitimate grounds of fear of personal harm or anti-social consequences, the community is justified, in order to conserve human life and health, in imposing some measure of restraint upon the liberty of the individual, in his own interest, and in the interest of the common-weal. World-wide competition places limitations upon successful intervention on the part of the State. But where health and life are concerned, competition from without the State's borders is less disastrous than neglect from within, and should not constitute a bar to prudent regulation. Most effort to promote human welfare necessitates some interference with individual liberty. Where wisely applied and enforced, it is an immediate restriction, that a wider liberty in the end may be secured. The margin of safety as respects public intervention may be said to lie along the borderland of legitimate fear.

There is legitimate fear where, as respects work done, compensation is wholly inadequate and insufficient to sustain life. This is the case in the

sweated trades, where men, women, and children, through extreme necessity, ignorance, incapacity, or other cause, sacrifice vitality to Industry, and well-being to rapacity. It is for the removal of such fear that wages boards, with power to fix minimum wages and maximum hours, have been devised.

There is legitimate fear where, despite willingness to work, work is not to be had. This is the case where, in these days of specialization in Industry, financial crises and industrial depressions sweep away customary employment; where, through the play of invention, the importation of foreign labor, tariff changes, crop failures, and emergencies of many kinds, men and women are thrown, either temporarily or permanently, out of trades and occupations to which they have grown accustomed, and in which they have acquired special skill. It is to meet such fears that labor exchanges have been planned, and unemployment insurance has been provided.

There is legitimate fear where, through sickness and invalidity, the capacity to earn is gone, and hard won and scanty savings of months, and often of years, become drawn upon and exhausted. He who has never endured impaired health, where all else is dependent on health, can know nothing of the terrors of this fear. It is to meet such fears that insurance against sickness and invalidity has been devised.

There is legitimate fear where age is confronted with the alternative of poverty or dependence. Such is the case where the stress of competition drives the weak and infirm to the wall; where employers, because of compensation laws and the risks of Industry, refuse employment to men of years; where increasing cost of living and diminished earnings make adequate provision for age impossible apart from constant employment. It is to meet such fears that old age annuities and pensions have been provided.

There is legitimate fear where a woman is suddenly left without support for her children. This happens where in Industry, as certainly as in war, men suffer death through accident or disease. It is to meet such fears that widows' and mothers' pensions have been provided.

Finally, there is legitimate fear where the privation consequent upon unavoidable loss of work is aggravated by the necessity of extra outlays. Such is the case where to a woman engaged in Industry, or in the family of any worker, a child is born, and domestic happiness is clouded by uncertainties of employment and health; and the habit of saving menaced through inability to protect small sums previously set aside. It is to meet this fear that maternity benefits have been devised.[1]

[1] For a comprehensive survey of legislation concerning the minimum wage, hours of labor, unemployment, safety and health, and

With relationships of Industry no longer what they were, and responsibility of shareholders to workmen no longer of a kind to render direct reciprocal obligation possible, unemployment, sickness, invalidity, and old age, cease all too readily to be matters of personal consideration to investors. Whoever is unfortunate in any of these respects must shift for himself. Industrial depressions and financial crises affect employer and employee alike. But capital can find investment elsewhere, or, if necessary, can wait for its return, though suffering loss. Labor has to be fed, and cannot wait. Capital may increase its returns through the substitution of machines for men; Labor, displaced by machinery, swells the surplus on the market and weakens its own bargaining power.

By a strange sort of irony, much of the very legislation passed in the interest of Labor has occasioned new fears to Labor itself. Employers finding themselves under increasing obligations imposed by the State, oftentimes of necessity, renounce obligations formerly assumed. The Workmen's Compensation Acts, which in most advanced communities have superseded the old Employers' Liability Acts, constitute a case in point. Under the Employers' Liability Acts, many a corporation sought through its superior economic position to

social insurance, the reader is referred to *Principles of Labor Legislation*, by John R. Commons and John B. Andrews. Harper & Brothers, New York and London, 1916.

escape liability for injury by offering some consideration in lieu of threatened or actual litigation under laws which placed upon the employee the onus of proof of negligence. The Workmen's Compensation Acts place upon the State the obligation of assessing and paying damages in case of injury or death in industrial pursuits. The employer is made a contributing factor; he becomes liable to a definite payment from which there is no escape. He is no longer left where indifference or charity may characterize his attitude. A payment known to each of the parties in advance, and secured by the State, removes altogether the existence of personal obligation either way.

So far, all appears as gain to Labor. But with payment, in the event of accident, no longer a matter of negotiation, employers cease to take chances with Labor. Since men over a certain age are more liable to accident than young men, when working forces are lessened the older men are let out first. Where working forces are increased, men beyond a certain age are told they need not apply. The employer is not to blame. Neither is the employee. What is important to remember is that the condition which has begotten the necessity of both leaves the isolated worker to face advancing years with ever-lessening chances of employment. Unemployment, however occasioned, is an incident of Industry and cannot be left to take care of itself.

Individual employers cannot be expected to secure Labor in employment where economic conditions occasion discontinuance of industrial operations. Neither employer nor employee is at fault where each is powerless against cross currents that sweep the face of Industry to the disadvantage of both.

The fears enumerated, it will be seen, arise, one and all, out of conditions as they have developed in modern Industry under the stress of unregulated competition. They are inevitable in the lives of multitudes of men and women engaged in Industry. Employers can no more be expected to make adequate provision for them than employees can be expected successfully to avoid them. They are social fears bred of social conditions. The choice lies between meeting them voluntarily and meeting them under public authority. Mutual aid and associated effort are a part of the law of progress. Fears which lead to mutual aid within groups may help to make society strong and secure. In every way voluntary effort is superior to State intervention and State assistance. So far as voluntary effort can be expected or can be made to cope with the fears enumerated, the State should not intervene; so far as voluntary effort cannot be relied upon, it is imperative that the State should. The obligation upon the strong to help bear the burdens of the weak, would be described

in court circles as the doctrine of *noblesse oblige*. In its relation to industrial opportunity, it is referred to as social justice.

Opportunity may be due solely to individual effort. Often, however, it arises from conditions in society which permit Fortune to favor one, but to frown upon another. Everywhere there is vast inequality of circumstances. It cannot be denied that, under existing conditions, there are multitudes who have little or no chance to begin with; and many who, at some time in their lives, find themselves seemingly robbed of all chance through circumstances wholly beyond their own control. It is probably true, notwithstanding, that at no previous time in the history of the world were the chances of improvement for the mass of men what they are at the present time.

In the changes industrial evolution has wrought, whilst the wealth of the world has vastly increased, its distribution has become increasingly disproportionate. Through opportunities which monopolistic and quasi-monopolistic control of natural resources and powers bestows, and which skilful investment makes possible, wealth may fabulously increase in the hands of a few, and the many continue to have their lot determined by prevailing levels of wages and hours. Through community considerations which afford opportunities to some and impose handicaps on others, the economically

strong very often tend to become stronger in the industrial struggle, while the economically weak tend to become weaker. The weak sometimes become brutalized and degraded, physically, morally, and spiritually. As respects material wealth and all that it brings, unregulated competition makes possible to-day, as never before, that "unto him that hath shall be given"; it occasions also, as never before, that "from him that hath not, shall be taken away, even that which he hath."

Industrial policy founded upon recognition of human personality and community well-being compels a consideration of fundamentals. A point of view which recognizes the Community as a unit with rights superior to those of its individual members, and which places the emphasis in social relations upon people rather than upon property, necessarily presents a challenge to many accepted institutions. Most of all does it raise a question concerning the institution of private property.

In any social view of things, private ownership of land and capital can have but one justification. That justification, in a word, is community service. Private property exists because of an implied return to the Community in virtue of an actual or implied concession. When private ownership in land and capital becomes anti-social, the Commu-

nity may be expected to see to the organization of society on some other basis. It is not because of inalienable and indefeasible right that private property exists; it is because no other system has thus far been devised which, having regard for human nature and the complicated character of social relations, seems, on the whole, to serve as well, from generation to generation, the needs of men living together in an organized society. In days of reconstruction, when change is apt to be advocated just because it is change, thought may well be given to the profound psychological as well as social reasons which have caused the social order through the centuries to continue to be founded upon the institution of private property. Speaking of ownership, William James says: "The depth and primitiveness of this instinct would seem to cast a sort of psychological discredit in advance upon all radical forms of communistic utopia. Private proprietorship cannot be practically abolished until human nature is changed."

But the virtues of an institution, any more than the virtues of an individual, need not preclude recognition of inevitable limitations. It is not necessary to deny the wisdom of private ownership in land and capital as the basis of a social system, in order to recognize possible injustices to which private property, under changing conditions, may

give rise. Nor need the desire for the maintenance of private ownership preclude a consideration of ways and means whereby injustices may be remedied without abolishing the institution itself. The desire to maintain an institution constitutes the strongest of reasons for the adoption of a course which may lessen or eradicate inimical tendencies. Where, as a result of community relations based upon private ownership of land or capital, advantages are derived by some which to others are denied, consideration may well be given to the control of Industry, and to the distribution of wealth in a manner which may prove of service to rich and poor alike. How to attain this end without undermining qualities of initiative and self-reliance, on which all real strength and progress depend, is the most perplexing of the problems of Government.

Social insurance, which in reality is health insurance in one form or another, is a means employed in most industrial countries to bring about a wider measure of social justice, without, on the one hand, disturbing the institution of private property and its advantages to the Community, or, on the other, imperilling the thrift and industry of individuals. Social insurance looks upon Industry as in the nature of social service. It regards the owner of land or capital as a capitalist, but also as a public trustee.

It looks upon the worker in Industry as a wage-earner, but equally as a necessary member of the Community. It places the emphasis on personality rather than on property, and on life rather than on wealth.

Insurance against unemployment recognizes that an isolated human being, not less than a machine, must be cared for when idle. It recognizes also that nothing is so dangerous to the standard of life, or so destructive of minimum conditions of healthy existence, as widespread or continued unemployment. Where idleness is the fault of the social order, rather than of the individual concerned, it places the onus on the State to safeguard its own assets, not more in the interest of the individual than in the interest of social well-being.

Workmen's compensation, sickness and invalidity insurance, widows' pensions, maternity and infant benefits, recognize wherein personal relationships in Industry have changed, and where as a consequence of new conditions permanent handicaps arise. The social legislation of which these measures are an expression rejects, as unworthy, the thought that men and women voluntarily incur accident, sickness, disease, enfeebled health, or dependence in distress, any more than they willingly seek enslavement of any kind. It recognizes the difficulty of differentiating between industrial accident and occupational disease; and between

disease occasioned by occupation or its environments and illness otherwise contracted; also the impossibility of dissociating from economic conditions the social waste caused by excessive and preventable illness. It sees that debt binds health as it binds freedom, that sickness represents the most frequent factor of individual destitution, and that it is in painful crises that handicaps for the whole of life are oftenest imposed. To save the spirit of men from being crushed is quite as important as to prevent their bodies from being broken or infected. Many a man's spirit fails when, through no fault of his own, or of his family, efficiency is permanently impaired through accident, or savings become exhausted by unemployment or sickness, or where a new life in the home suggests an additional burden instead of a joy. Much invalidity and penury is due to lack of character and thrift; but much also is evidence of want of effective social control. What society fails effectively to prevent, society is in some measure under obligation to mend.[1]

Old age pensions are similar. They are based, not on the theory that the State owes every man a living, but rather on the fact that the provision of an assured competence for old age is an easy matter for some, whilst, for others, it is most difficult, if

[1] The reader is here referred to *Standards of Health Insurance*, by I. M. Rubinow, M.D., Ph.D. (New York, Henry Holt & Co., 1916), and to a volume entitled *Social Insurance: An Economic Analysis*, by Robert Morse Woodbury, Ph.D. (New York, Henry Holt & Co., 1917).

not wholly impossible. After all allowance has been made for superior thrift, intelligence, and integrity, it must be admitted that to the man who has capital to begin with, or whom society permits to own and control vast natural resources, there are opportunities of saving not possible to the worker who possesses no capital, and who has to face uncertainties of employment and contend, unaided, against all kinds of vicissitudes. It is obvious that existing forces of world competition operate to rob advanced years of opportunities of employment, which, under the less strenuous régime of earlier times, were available to the close of life. There is need for society to assist in the protection of its members against a condition which simultaneously places burdens upon the worker whose day's work is done, and on the worker whose day's work is just beginning. If the young are to be given a fair start in life, the care of the aged should not be their first responsibility. If life-long public service in Industry is to receive its fitting reward, years that are denied opportunity of employment should not be subjected to the humiliation of dependence or charity.

It is the elimination of fears with respect to these fundamental requisites of health that Labor speaks of as a National Minimum standard of life. The Labor Party of Great Britain has recently put for-

ward the universal enforcement of the National Minimum as its first principle. A National Minimum is regarded as being as indispensable to fruitful co-operation as to successful combination; and as affording the only complete safeguard against an insidious degradation of the standard of life. "Only," it is contended, "on the basis of a universal application of the policy of the National Minimum, affording complete security against destitution, in sickness and health, in good times and bad alike, to every member of the Community, can any worthy social order be built up."

In advocating enforcement of this minimum as the necessary basis of any genuine industrial efficiency or decent social order, Labor fortifies its position by accepting without reservation the Christian precepts that "No man liveth to himself alone," and that "We are members one of another." It applies these teachings to the economic foundations of society. "If any, even the humblest," says the programme of the Labor Party, "is made to suffer, the whole community and every one of us, whether or not we recognize the fact, is thereby injured."

The doctrine of social justice, whereby the economically strong share the burdens of the economically weak, and on which the principle of the National Minimum is based, is the antithesis of the doctrine of Force. It is founded on a concep-

tion of Right in contrast to a belief in Might. It signifies brotherhood, not fratricide. It does not proceed upon the theory that the economically strong are necessarily the fittest to survive, or that the economically weak are necessarily the unfit. In estimating fitness, it looks to character and personality, not to possessions. It considers human need rather than human greed. It recognizes that, without the many who comprise the economically weak, the economically strong would cease to have a superior position, or, indeed, any position. Social justice would not deprive position of its advantage, but it would require of advantageous position, a wider measure of social service.

The wisdom of a National Minimum in matters of health and well-being is not open to question. Difference of opinion there may well be as to the best methods by which it may be attained. Certainly, any doctrine of unrestricted and unregulated Competition can no longer be defended. The Law of Competing Standards makes that impossible. Something more in accord with the operation of the Law of Mutual Aid is required. The old *laissez faire* attitude of non-interference with personal rights and private property was based on the self-interest of a privileged few, supported, through a strange antithesis, by the theory that "man's self-love is God's providence"; that each individual in seeking his own interest is uncon-

sciously, and as if guided by some "Invisible Hand," working out the good of society. The attitude of mutual rights and obligations is essentially the Christian one, of man as his brother's keeper. This attitude is supported, not by a pious theory, but by the deplorable fact, notwithstanding an antithesis hardly less singular, that men are largely indifferent to the well-being of their fellowmen, and that selfishness and greed know no bounds, where they are free to work their will. Regulation and control of Industry and Public Health are the expression of the necessity of protecting the Community against the ignorance, thoughtlessness, indifference, and greed of individuals. Whether the idea be congenial or not, the entire code of safety, sanitary, and other regulations is a proclamation by public authority that man is his brother's keeper, and that no man liveth unto himself alone.

The necessity of maintaining standards in Industry is the justification for the National Minimum advocated by the Labor Party in Britain. Enlightened employers may be ready and willing to guarantee their employees against interruptions in employment, to promote the health and contentment of employees by providing at their own expense medical and nursing care for the workers and their families, and by securing for the employees wholesome and attractive housing, co-operative insurance against accident and sickness, and

means of outdoor and indoor recreation; but unless such precautionary measures are made universally applicable and thereby incumbent upon employers generally, sooner or later unsupported efforts of the kind may become in the nature of a tax upon enlightenment. It is a question whether the meeting of social needs of the kind should be regarded as an employer's obligation. Strictly speaking, is the satisfaction of such needs not an obligation to be shared by the four parties to Industry, and not properly the sole obligation of any one?

I have referred in this book specifically to four investigations with which I have had personally to do: the garment-making industry, the operating of telephones, the match-making industry, and cotton-spinning and weaving. Many others might have been cited. I am obliged to ask myself how long any employer could have maintained at his own expense humane and decent standards in these industries, in the particulars above mentioned, and have held out against unscrupulous competitors. Save by associated effort and mutual aid, effected under the compulsion of government in some form, I see no way of circumventing the ill effects of the Law of Competing Standards, and preventing mean men, when brought into competition with nobler natures, from profiting because of their meanness. Where, in coping with inevitable fears, the State ensures fair play all round, there, decency

and good-will receive their opportunity, and become of pecuniary advantage, as well as of advantage in other ways.

The doctrine which gives the State rights superior to those of the individual may seem to present resemblances to the theory which claims that the preservation of the State is the supreme necessity, and that the authority of the State knows no superior law. They not only resemble each other; they are, in fact, identical, where by the State is meant all the human beings who comprise it; not an abstract idea, or some autocratic or privileged group pursuing selfish ambitions in the State's name. Social justice recognizes the State as beyond Industry, but it also recognizes Humanity as beyond the State. Humanity, not the State, is the supreme concern, and where this is appreciated no conflict can arise as regards either preservation or expansion.

It is not a National Mimimum only, but an International Minimum, which is needed, if labor standards are to be protected against the undermining effects of the Law of Competing Standards operating through international competition. The possible creation of some international agency to further the establishment and enforcement of international conventions aimed at the maintenance of an International Minimum, is a subject of momentous concern. It is well deserving of consideration in any discussion pertaining to a League of

Nations which may constitute a part of the peace negotiations at the conclusion of the War.

III

While existing conditions may require much in the way of remedial action on the part of the State, it is well to remember that, in whatever pertains to the conservation of health and life, to prevent an ill is infinitely better than to attempt to remedy it. It is important also to remember that self-help is the best of aids, and that voluntary effort not only removes impediments, but develops self-reliance and knowledge. Some degree of compulsion on the part of the State is necessary to secure general enforcement, by mutual aid or otherwise, of standards such as will guarantee to all the National Minimum which Labor advocates. State aid in the form of financial assistance can be justified only as the one effective means of preventing degradation in the standard of life.

Without the utmost wisdom in administration, social legislation may accentuate rather than lessen the evils it would avoid. The subversion of motives of thrift and industry, the discouragement of saving and investment, the encouragement of shiftlessness or indifference, are dangers inherent in any scheme of social regeneration at the instance of the State. How to gain economic independence for

workingmen and women under conditions which necessitate collective security; and how to further community well-being without unduly interfering with individual freedom and character, are ever-present problems in matters of social legislation.

It is wholly in the spirit of preventive rather than of remedial action, that health legislation must be administered, and its justification sought. In a very true sense, so far as community and industrial values go, there is no such thing as remedying loss of life or impairment of health through injury or disease. The gaps which accident, sickness, and unemployment occasion constitute blanks never to be filled. Conscription of any kind, whether of wealth or service, is palliative only. It can never adequately compensate for loss of opportunity through unemployment, sickness, invalidity, or other cause.

Preventive medicine is so new a study that its existence and meaning are still unknown to many informed persons. As an act of public caution, quarantine is more familiar than medical inspection, and appeals for the support of hospitals and sanitaria are still more urgent and general than demands for the spread of knowledge of the rudiments of sanitation. There will be no immunity from disease until individuals and communities become aware that the real dangers are not always the known and apparent ones, but are pernicious

influences that gather momentum with time. The manifestation of disease is a last call, not a first call, to action.

Fear is bred of ignorance and incapacity. To develop intelligence and ability should be the aim of all preventive effort and all endeavor to equalize opportunity. Both can be materially aided by the improvement of conditions and the spread of knowledge. Education is preventive rather than remedial. "To be forewarned, is to be forearmed," and forearming is as necessary in encountering the vicissitudes of Industry as in combating the perils of actual war. The intemperate man, the illiterate man, the penniless man, are the first to go to the wall under the pressure of unemployment, sickness, accident, or advancing years. To provide against intemperance, illiteracy, poverty, and the hazards of Industry by preventive and constructive measures, and by a training which will develop thrift, intelligence, and integrity, is more prudent on the part of the Community than to aim at filling gaps in the depleted ranks of the weak by charges of one kind or another upon the strong.

"The American democracy," says Dr. Charles W. Eliot, President-emeritus of Harvard University, "has never supplied an education which would give every child its most appropriate training — much less the British democracy. No American community has ever voted money enough to the

schools to accomplish that object. Neither has any American community, or any British, ever spent money enough on the promotion of the public health, and the protection of all classes from the physical evils which result from ignorance, vice, self-indulgence, wastefulness, and sluggishness. It is certainly high time that these grave errors should be remedied."[1]

The social settlement stands as a pioneer in the movement which seeks to express the community sense through voluntary effort related to all aspects of community life. It is the neighborhood idea conveyed in a wholly natural manner. It recognizes that personal contact, study of and familiarity with community conditions and obligations, sympathy, intelligent direction of municipal activities, and good government, are essential to health and happiness.[2]

The Social Unit Organization, a model community experiment which aims at getting people to unite for better living conditions in their own neighborhood, is another voluntary effort along similar lines. It is described by its promoters as "a municipal social laboratory." A few men and women seek to develop in a truly democratic way a method of

[1] "The War's Lasting Effects on Labor Problems," the *Sunday Herald*, Boston, July 21, 1918.

[2] *Vide* Jane Addams, *Twenty Years at Hull House* (The Macmillan Co., New York, 1910), also C. R. Henderson, *Social Settlements* (New York, Lentilhon & Co., 1898).

organization by which the people, through their own thought and effort, may secure for themselves the things they need. Health, housing, sanitation, recreation, and employment are studied from the standpoint of the common every-day life of people in neighborhoods or communities, and the carrying out of the plan is by the people themselves in co-operation with persons engaged in the discharge of public and quasi-public duties.[1]

Movements of the kind of which the social settlement and the social unit organization are typical, are necessarily limited in scope and influence. It is in what they represent of attitude that they are all important. They stand for systematic effort with respect to community well-being by an intelligent agency, and as such embody a method that, whether exercised voluntarily or under public authority, must be developed if communities are to grow along right lines. They render an even more important service. They create a spirit of human brotherhood, and inspire an attitude toward social problems which, carried in different directions by those who possess or are touched by it, will do more than aught else to mould society anew.

The care with which many new communities are safeguarding their development, and the efforts

[1] The National Social Unit Organization was founded in New York in 1917. The Cincinnati Social Unit Organization is the first social unit formed under its auspices.

being made in older communities to eradicate the slum and to develop suburban and garden city communities, by means of cheap and rapid transit and the control of land values, are fine expressions of the new spirit which substitutes a community for a property sense.

The growth of communities will compel universal regard for the new attitude. Wide and costly experience has made it increasingly apparent that the living problem in cities cannot be left to the fortuitous outcome of unrelated and unregulated individual interest, and the continuous conflict of public and private interest. Its solution is possible only through intelligent community action.

Town-planning and rural planning and development were almost unthought-of a generation ago. To-day they are subjects of scientific study, and compel the recognition of Government. It is to be hoped that ere long public opinion will no more tolerate the slum and the overcrowded tenement than it would tolerate plagues such as were prevalent a generation ago.

The garden city movement was founded in England in 1899, and has spread to different countries throughout the world. It recognizes the slum as the product of bad means of transit and high land values, combined with the necessity of men living near their work. By providing cheap and rapid transit and controlling land values, it has been able

"to provide a maximum of comfort, convenience, and happiness at the minimum of financial and personal cost." "It marks a widening of community rights and an enlargement of community services, the building of the city by the city itself, from the foundations upward and from centre to circumference."[1]

The garden city is in effect its own landlord. Indirectly it is a house builder and house owner. The ordinary city is left to the unrestrained license of speculators, builders, and owners. It is a community of unrelated, and, for the most part, uncontrolled, property rights. The garden city, whether promoted by cities, co-operative companies, or private individuals, and whether it be a self-contained industrial community, a garden suburb, or a factory village built about a manufacturing plant, is a community intelligently planned and with the emphasis always on the rights of the community rather than on the rights of the individual property owner. The aim of the garden city is to bring dividends in human health and happiness as well as a return on property investment. It has plenty of places of rest, recreation, and play. Building restrictions are imposed, and the maximum number of houses to the acre is fixed. The improved health and condition of employees due to better homes

[1] *The Garden Cities of England*, by Frederic C. Howe. *Scribner's Magazine*, July, 1912. Reference to this source is hereby acknowledged.

and the open air, yield a return that pays for the investment. The co-ordination of garden cities with rural life, and of agriculture with the city, keeps down the cost of living. Existing garden communities have demonstrated that clean, wholesome, comfortable cottages are possible at a low rental, and that life is lengthened, the death and infant mortality rate reduced, and Labor in these open-air communities rendered more efficient than in the cities.

The movement reflecting the emphasis upon human as contrasted with material considerations is only at its inception. In a multitude of directions this is already evidenced. Social legislation, which had its beginnings in granting a minimum of protection to powerless individuals, and a maximum of protection to powerful corporations, is slowly reversing that strange antithesis. Preventive measures are being substituted for remedial, in the case of both public authority and voluntary effort. Science is no longer confined in its application to furthering individual interests, but more and more is helping community interests, in matters of education, health administration, care of children, and provision for recreation and amusement. Politics, hitherto concerned mostly with trade, diplomacy, and foreign relations, have now increasingly to do with social problems.

Science may do much that is yet undreamed-of to ameliorate the human lot. The intelligence of the world has been at the command of nations for the building of dreadnaughts, submarines, aeroplanes, and all the organization and equipment essential to the work of destruction. Wars will altogether cease when Science is equally at the service of the nations to further the principles underlying health, in the building of houses, developing transportation, designing cities, controlling land, improving sanitation, and eliminating slums.

In Industry the application of Science has been for the most part to the material processes in production and to mechanical organization, and not to the problems of health, vitality, and harmonious relations. The insufficiency of organized effort to bring the results of Science to bear upon the welfare of the masses of the people and social problems is being recognized. The time may yet come when it will be everywhere seen that the maintenance of standards of health is the surest means of maintaining standards of efficiency; and when intelligence will be not less at the command of sure returns in life than it is at the command to-day of sure returns in money values.

The subordination of the claims of Industry to those of Humanity may necessitate a regard for human life which, in the effort to prevent the sacrifice of thousands of lives to the ambition of one,

will place one human life above any industrial achievement. What this may demand of individual states, and require in the way of international arrangement, can scarcely be conjectured. In matters pertaining to standards of health and well-being, the world-scope of forces at work makes their presence felt as nowhere else. The state that seeks to enforce worthy standards in Industry is handicapped by the states that are wholly indifferent. The nation that has reached high levels in its concern for human life, is handicapped by the countries that have still to learn the meaning of conservation. To bring Industry everywhere within the control of effective regulation is the one great problem of Education and Government. It will never be completely solved until regulation becomes a matter of international concern. Each nation may yet find the salvation of its own industrial life by losing itself in an effort to save the industrial lives of other and rival nations. It is in such ways, through the course of time, that the economy of God gains world expression.

CHAPTER X

REPRESENTATION IN INDUSTRY

If Industry is to advance material and social well-being, which is its twofold purpose, there must be continuous co-operation between all parties in the application of principles underlying Peace, Work, and Health. How to obtain such co-operation is the supreme task. Fundamentally, it is a matter of attitude and spirit. Mutual trust born of whole-hearted belief in the common interests of Industry must supersede the distrust which arises out of misgivings concerning opposed interests. Fear must give way to Faith, in the several relations. There must be consciousness of a common aim in a common venture in which gains and losses alike are shared.

The venture common to all in Industry is the investment by each of some share of his life or fortune. The aim common to all is that each may render a much needed social service, and share as largely as possible in the joint product. Such a venture combined with such an aim is none other than a partnership. A partnership, in fact, as well as in name, is what Industry must become if its twofold purpose is to be achieved with a maximum

of good-will and efficiency, and a minimum of waste of effort and materials. Partnership, to be worthy the name, presupposes a willingness to share all along the line, to share in a knowledge and understanding of the enterprise as a whole, and of each other's rights and duties, to share progressively in gains and proportionately in losses, and finally to share in the control and the determination of policy. If Industry is to be conducted on a partnership basis, each of the contributing partners is entitled to share in all these particulars.

The principle of Round Table Conference underlies partnership. In an association as vast as that comprising Capital, Labor, Management, and the Community, — whether related to individual enterprise or to Industry generally, — the rights and duties of partnership in the organization and control of Industry obviously must be effected through some device of Representation. If a genuine partnership can be so effected, and the principle of Round Table Conference thus find an accepted place in the control of Industry, its results cannot be other than beneficial and far-reaching. It should afford to the several parties to Industry the means of gaining a more adequate understanding of the significance of their respective functions in the various processes; it should ensure that direct interest in the success of the undertaking as a whole, so essential to highest efficiency; it should foster

the co-operative and social spirit aimed at by those who would promote the organization of Industry on such lines of voluntary association as copartnership, and other forms of co-operation. It should, whilst avoiding their inherent weaknesses, further the aim which Municipal and State Socialism, and Collectivism, seek to effect by means of a compulsory change in the ownership of the instruments of production. It should afford the most effective method of acquainting all the parties to production with the advantages to be derived from Vocational Training and Technical Education, from the introduction of Labor-Saving Machinery and Scientific Management, from Profit-Sharing and other forms of Industrial Remuneration and Organization, wherever these methods give promise of reducing the cost of production and increasing efficiency. Whilst contributing to secure to Management and to Capital a progressive increase in the profits of Industry, it should help to ensure to Labor, progressive improvement in wages and hours and in other working conditions, and to the Community, progressive enhancement of purchasing power in correspondence with increasing productivity. Finally, in whatever pertains to human well-being, it should help to ensure the maintenance of a "National Minimum" through associated effort and mutual aid.

Dr. Eliot says:

"To obtain the highest degree of effectiveness in any nation's industries, and at the same time to bring about permanent industrial peace, a new discovery or invention must be made — the discovery of the way to make a genuine partnership between Capital and Labor practicable in every business which is conducted for a profit and is steady and permanent rather than experimental and transient. Some of the most important employments are not conducted for a profit — such as household work, national, state, and municipal services, and the services of religious, charitable, and educational institutions. In them there can be no partnership between Capital and Labor and no profit-sharing. On the other hand, in every continuous business which is conducted for a profit, there is great need, to secure highest effectiveness, of an automatic method of creating and maintaining for both Capital and Labor a common continuous interest in the success of the particular manufacturing, mining, or trading establishment in which both are enlisted. The great discovery to be made is a working form of profit-sharing, in each establishment, the applications being very various, while the principle remains one. Any durable method will include some form of co-operative management and a complete disclosure of the accounts of the business to representatives of the working force."[1]

Does not the great discovery of which Dr. Eliot speaks lie in viewing the fundamental problem of Industry as one primarily of government? Has Dr. Eliot himself not forecast the discovery, in suggesting the need of some form of co-operative manage-

[1] *Boston Sunday Herald*, July 21, 1918.

ment, rendered possible through the principle of representation applied to government in Industry? Perhaps the expression "community of control" possesses, in this connection, advantages superior to those of the words "co-operative management," since, in the minds of many, Management is a function which does not admit of divided authority. Whilst Management may well remain an administrative function exerciseable in Industry without interference from Capital, Labor, or the Community, there would appear to be no reason why its authority, as respects matters of immediate concern to the other parties, should not be restricted in accordance with predetermined policy arrived at in such a manner as to represent the interests of all. Community of control, effected through the principle of Representation, would be co-operative management in its truest and fullest sense.

Once the principle of Round Table Conference, with adequate representation of all the parties to Industry, is made the basis of government in Industry, Fear will give way to Faith; the conflict of opposed interests will vanish before an understanding of common interests; the principles which underlie Peace, Work, and Health will find ready application; and Industry itself will gain that spirit of hearty co-operation and constructive good-will which means its highest efficiency both as an in-

strument of production and as an agency of social service.

Partnership is essentially a matter of status. It does not involve identity or similarity of function on the part of the partners, or equality of either service or rewards; but it does imply equality, as respects the right of representation, in the determination of policy on matters of common interest. Thus far, this principle has largely failed of recognition. The justice of the principle, however, is apparent.

Investment in Industry is recognized as affording a right to share in corporate control. Capital and Management receive representation on this basis. If Capital and Management are so entitled, why not Labor also? Industry, as pointed out, is a joint venture, a venture of Labor as well as of Capital, and of the Community as well as of Management. The difference in the nature of the investments of Capital and Labor only serves to emphasize the fundamental justice of Labor's right to representation. The investment of Capital is an investment in the nature of substances and dollars; the investment of Labor is an investment in the nature of skill and life. The one is a material, the other a human, investment. Both, however, are investments; and of the two, the one involving life is the more precious.

The capital investor, the individual who in Industry loans and risks his capital, or a part of it, receives for the use of his capital a return in the form of interest. But he receives something more: he becomes, as an investor, entitled to a voice in the control of the industry in which his investment is made. The life or labor investor, the worker who in Industry, loans and risks his life, or gives that part of it described as "labor" to Industry, receives for his labor, which is the use of his life and skill for the time in which labor is given, a return in the form of wages. He lacks, however, the additional right, which Capital receives, of a share in the government of Industry. If Capital obtains this right in addition to the financial reward for the use of capital for the time for which it is invested, is Labor not in justice equally entitled, in addition to its monetary reward, to a voice in the control of Industry, in which for the time being its life and skill are invested? As a life or labor investor, is the worker's interest in Industry not akin to that of the investor of capital? If investment in Industry has any meaning at all, it is surely one equally shared by the man who gives his labor and the man who gives his capital.

For the preferential treatment Capital has thus far received, there is no defence possible on grounds of democratic theory or fundamental justice, only an explanation. Capital has been able to wait;

Labor has not. Capital, through its ability to wait, has been in a position to compel a voice. Labor has seldom been in that position, and therefore has remained, for the most part, unrepresented.[1]

The Community's right to representation in the control of Industry, and in the shaping of industrial policies, is wholly similar to that of Labor. But for Community investment on a local, national, and international scale, Capital, Labor, and Management would be obliged to make scant shrift under present-day conditions of world competition. In large enterprise, much is said of the magic of Capital and the genius of Management. The Community as a contributing factor is scarcely thought of. The silent partner remains the unmentioned partner as well. But what of the Community's part in Industry? Here, too, is joint venture: venture on the part of the Community, just as much as on the part of Labor, Capital, or Management. What is ninety-nine per cent. of the expenditure of Government in normal times, but outlays in the nature of investment in Industry: investment in property and services of one kind or another which alone makes possible the vast co-operation and co-ordination of effort which is the very life-blood of Industry?

The vaster industrial organization becomes, the

[1] The reader is referred to an article entitled "Democratization of Industry," by Donald R. Richberg, in *The New Republic*, May 12, 1917, reference to which is hereby acknowledged.

more it depends, in a multitude of directions, upon the investments of the Community. In bonuses, bounties, subsidies, and the like voted to specific enterprises by municipalities and states, there is an actual money investment by the Community corresponding to the money investments of capitalists. As a rule, it receives no recognition, in the form of either interest payments or participation in control. Nor is any participation in control conceded to the Community because of the protection not infrequently afforded Industry by means of tariffs and in other ways which involve increased outlays on the part of consumers.

Attention has already been directed to what Government and social organization make possible. Due regard for this will lead to an appreciation of the part played by the Community.[1] Without the maintenance of law and order, of diplomatic and consular services, of agencies of transportation and communication, of systems of money and credit, of means which render the fruits of discovery and invention immediately and continuously available, to say nothing of a thousand and one other considerations, for all of which the Community is involved in continuous outlays, Capital, Management, and Labor would effect very little by way of linking the world's sources of supply with the world's demand, or by way of transforming natural

[1] *Vide* chapter v, "The Parties to Industry."

resources into commodities and services available for use.

Community investment is supposed to receive its return in enhanced purchasing power to consumers as respects the number and quality of available services and commodities. This is a return akin to the interest Capital receives, and to the wages Labor receives. But is not the Community equally entitled, on grounds of investment, to representation in the control of Industry and the shaping of industrial policies? To ignore this right, is to permit the other parties, whilst reaping rewards in increasing measure through its benefactions, to exploit the Community and to profit at its expense.

Without representation of the Community in the control of Industry, there is nothing to prevent the emergence of a joint-profiteering scheme by the other parties, in which high wages and high profits are secured by charges which fall either immediately or ultimately upon consumers. There ought to be security of Industry as a whole, and of consumers, against possible unjust exactions and monopoly through a control which represents only producers. The inherent right of the State to exercise authority at any time in any direction is not likely to prove sufficient to prevent oversight or deception. Something in the nature of direct representation of the Community is required, either by specially designated representatives or through a

compulsory publicity of facts sufficient to permit of the formation of an intelligent and effective Public Opinion.

Mr. Theodore P. Shonts, President of the dual subway system of New York, has recently outlined a form of partnership arrangement applicable to the railroads of America, which takes account of the necessary representation in control of all the parties to Industry. That the public need for railroads should be determined by public authority is regarded as of primary importance. It is suggested that extensions and improvements be financed by the companies and the Government in partnership. As respects control, it is suggested that supreme authority be vested in a central board consisting of representatives of the public, of the railway investors, and of railway Labor. The Government under this plan would determine what transportation facilities should be furnished; it would likewise have the final determination of the charges to be made for the use of such facilities. Such a plan recognizes that an adequate transportation system is essential to the national health and prosperity; that purely private enterprise, whether subject to Government regulation or not, is not to be relied upon to secure such a system; and that there are decided limitations in public ownership.[1]

[1] *Vide* article entitled "Instead of Public Ownership," by Alvin Johnson, in *The New Republic*, April 20, 1918.

The exclusive attitude in the matter of control on the part of Capital and Management is all too plainly evidenced in the present form of corporate organization of Industry. The term shareholder is confined to those who invest money. As shareholders or stockholders, they elect the directors, the directors choose the officers, the officers manage the business, and manage it so as to make as good a showing as possible in dividends to the stockholders. There is no suggestion in the form of organization that the corporation is run as if the concern of those who contribute their lives, as well as of those who contribute their money; or as if the concern of the public, whose contributions through taxation in its many forms may far exceed the investments of stockholders. Estimated by respective total rewards, Labor investment in Industry is usually many times the investment of Capital; and estimated by the showing of public accounts, financial outlays by the State of immediate concern to Industry rival the investments of private capital. Yet there is no apparent representation of either Labor or the Community in the corporate control of Industry.

This undemocratic and exclusive attitude is further reflected by forms of expression and terminology so congenial to many capitalist investors and large employers of Labor. In speaking of businesses they manage, or in which they hold investments,

the personal possessive comes naturally to their lips. There is nothing suggestive in their language of any real partnership with either Labor or the Community. On the contrary, the existence of Labor and the Community is often wholly ignored. And yet a very slight appreciation of the nature of industrial operations reveals that it is the industry as carried on by all concerned which ultimately pays the price of the plant and equipment, pays the cost of the Labor, and supplies Capital with its return in the nature of interest; that, in reality, Labor and the Community are necessary partners in production along with Capital and Management.

It is to be hoped that ere long the personal possessive, as employed by individuals in reference to businesses of which they are the heads, or in which they hold capital investments, will sound as archaic as does its belated use by some of the monarchs of Europe. Albert of Belgium disclosed his sympathy with the spirit of Democracy, and his understanding of co-operation in government, when, at the commencement of the War, he addressed the assembled representatives of Belgium as "Brothers," and spoke of "*our* country," "*our* cause," and "*our* army," eliminating from his court vocabulary such relics of feudal usage as "*my subjects*," "*my* armies," and "*my* navy." If conflicting theories are to be harmonized, and an enduring unity main-

tained, expression in form and substance of the democratic spirit and co-operative ideal is as necessary to industrial government as to democratic government in the State.

The undemocratic form of organization is unhappily even more characteristic of Industry as a whole than of individual enterprises. Too often, as Donald Richberg has pointed out,[1] the interwoven financial, manufacturing, distributing, and selling interests which dominate Commerce have constituted a complete oligarchy extending its control over Industry, and beyond Industry over Government. Such control in nations that are politically free, is, as this writer suggests, "in the nature of an industrial feudalism persisting in and dominating political democracy."

The necessity of something in the nature of partnership, of joint-control of Industry by all its parties, is becoming more and more apparent as monopoly of control is tried in different directions. Joint-control along with the other parties to Industry is better for the other parties, and better for Capital and Management, than Capital or Management control exercised apart from Labor and the Community. The consequences of the oversight of Labor and the Community, as partners entitled to representation in the government of

[1] *Idem, supra.*

Industry, have been unfortunate. Labor and the Community have come to exercise a separatist control in consequence of the disregard of their just claims to representation as partners in Industry. Their interests not being definitely recognized, or represented in industrial control, Labor and the Community have become collectively organized that they may be represented at least in effective opposition to the exclusive control of Capital and of Management. In the case of Labor, this collective organization has taken the form of a militant Unionism. In the case of the Community, it has taken the form of an aggressive State Socialism which aims at collectivist control in both the ownership of capital and the management of Industry.

Labor believes that its exclusion from representation in the control of Industry has led to vast injustice, and to the organization of business for profit alone; and that it has occasioned at times the misuse of official power by the courts, the police, and military authorities in support of arbitrary conduct on the part of corporations. Herein lies the fundamental cause of the warfare between Capital and Labor. Denied opportunity to *co-operate* with Capital, Labor *competes* with Capital. Industrial life, instead of being in the nature of a partnership, becomes a sort of guerrilla warfare in which Capital seeks to increase profits at the expense of Labor, and Labor seeks to increase wages at the expense

of Capital. On the one side is a misunderstanding of producing costs; on the other side, a misunderstanding of the workers' needs and aspirations. Strikes and lockouts are the crude expression of the resentment which this mutual misunderstanding begets. Until Labor and Capital are both democratically represented in the control of the business carrying their respective investments, this warfare and anarchy are certain to persist. The organization of business, its terminology and its spirit, must all change if Industry is to fulfill its true mission and be made to reflect a real partnership.

Industry based on its present competitive, profit-making system creates and sustains bitter strife between different classes in society. Were our vision sufficiently clear, we should see that this struggle lies at the root of the appalling upheaval taking place at the present moment between the armies of the world. Unless Industry comes to be viewed as national service, and the profits of Industry are fairly divided between the capitalist, manager, worker, and consumer, we can never hope for industrial peace. The association of Labor and the Community with Capital and Management, in determining policy with respect to matters in which each is vitally concerned, is all-important.

A change from the old order to the new cannot be brought about by a *coup de main*. There must be a long period of preparation and transition be-

fore the parties to Industry hitherto unrepresented in control are in a position effectively to exert the powers which even now they are acquiring. Everything depends upon whether the orientation of the new world which the War is evolving will or will not be toward this view of society. The basis of society must in time be altered fundamentally if we are to have true national and international peace, and the development of the best qualities of independence and self-respect among all classes in society.

Failing achievement of joint-control in Industry, the only alternative is a continuance of conflict of controls. As matters stand at the present time, there is control to a greater or less degree by each of the several parties; but, collectively regarded, it is a control wholly at cross-purposes with itself. Instead of a united control expressive of a harmony of interests among partners, it is a struggle for supremacy of control, in which the parties are arrayed as opposing forces, conspiring and combining against each other like so many warring nations. A militant Trade-unionism claims exclusive right to speak in the name of Labor and to enforce its newly acquired control by the weapon of the strike, regardless altogether of the interests and well-being of Capital, Management, and the Community. An autocratic Management seeks the maintenance of its accustomed control by exercis-

ing arbitrary powers regardless of their social consequences, claiming for itself exclusive right in the employment and dismissal of Labor, while denying to Labor the right of membership in associations for its self-protection. A defiant Capitalism asserts its privileged control by thwarting the principle of Collective Bargaining, and circumventing, in divers ways, the Community's right to just treatment in matters of prices and rates. Finally, a State, becoming more and more Socialistic, proclaims the Community's long neglected authority by a control which Capital and Management feel is indifferent to their functions.

Here of a certainty is anything but Round Table Conference; anything but a conception of Partnership. The parties to Industry have a voice, and each makes its voice heard; not, however, in the respectful tones of partners, seeking, on a basis of representation, the promotion of a common interest. With neither aim nor method in common, each obtains its hearing in virtue only of the injury it is capable of inflicting, or the power or might it is in a position to command. Within individual enterprises, it is much the same as with Industry as a whole. Instead of a fraternal attitude between the parties, there is too often a sort of disguised truce between Management and Capital on the one side and Labor and the Community on the other. They look at each other, as one writer has expressed it,

"across No Man's Land," an area of ever-present possible conflict which, in their common interest, ought to be the ground of joint approach.

Once the thought is grasped that in matters of government in Industry, forms are wholly secondary, that attitude and spirit are all-important, and that the application of right principles never fails to effect right relations, the real advance will have begun. That is why joint-control, as the fundamental idea underlying government in Industry, means so much. It emphasizes the common interests and the common aim; it relieves antagonisms, and it thwarts coercion; it diminishes Fear, and it establishes Faith.

In the absence of representation of all the parties to Industry in visible directorates, it does not follow that industry must fail of joint-control. Equal representation in a single directorate is doubtless an ideal to be cherished, since it symbolizes partnership on a basis as real as it is apparent. Joint-control, however, may be effected, and is being effected, in a variety of ways. It is not to be expected that it will become exerciseable at one and the same time as respects all matters pertaining to Industry. One day it will be policy as to one feature that will be so decided; another day, it will be policy as respects other and wholly different matters. To-day it may be agreement upon a min-

imum wage, or methods of adjusting industrial differences; to-morrow, it may be the fixation of a trade agreement governing all conditions of employment, between Management and Labor, the rate of return guaranteed to Capital, and the prices at which commodities and services are to be made available to the Community.

Already a substantial though incomplete approach has been made in a direct way, through voluntary agreement and collective bargaining between Capital and Labor, and through the extension of State control over Industry, where it has been carried on jointly with the other parties. Collective bargaining has been confined thus far to two, or at most to three, of the parties to Industry. Seldom have the interests of all four had direct representation and consideration in common. Where joint-control has been exercised through the State, usually the identity of the parties has been merged in the instrument of government so completely as to be almost lost.

Because of the blending of political and industrial government and the shifting of influence as between the many groups who share political control, it is often very difficult to determine the nature and extent of the representation which may actually be effected in this way. There may be an indirect joint-control of Industry, through political control on the part of Labor and the Community,

just as effective as the direct joint-control by Capital and Management. Even that pernicious form of joint-control known as "invisible government," which Capital in alliance with politicians has sometimes exercised, may be exercised in no small measure by Labor also. Where, in relation to Government, joint-control is not openly practised, in nine cases out of ten, it is attempted through political intrigue.

Most of what has been accomplished through ordinance and legislation by way of regulating hours, wages, sanitary and other conditions of employment, inspecting premises and commodities, as well as what has been effected in the nature of public ownership and state and municipal control of tariffs, rates, and prices, and all of the so-called "social legislation," is expressive of the control of Industry exerciseable by the Community through political government. Much of it indicates a control by Labor exerciseable in the same way. Management and Capital have sometimes led in promoting this larger control, the actuating motive of which has been the public interest. For the most part, however, their co-operation has been grudgingly given. It is unfortunately true that such control as Management and Capital have exercised through political government has been too often of the invisible kind which has sought to obtain or to maintain special privilege, and to block progressive legisla-

tion which subsequent experience has frequently shown to have been to their own advantage.

Of recent years in British communities and in the United States and other countries, the measure of control exerciseable by Labor in political government, and, through political government, in Industry, has vastly increased. It has been materially enhanced by the establishment of Departments of Labor in Federal and State governments, and by special recognition of Labor in the Cabinet. Labor's political influence, with its consequent influence upon the government of Industry, has also steadily increased, not alone through a growing consciousness of its power to give or withhold support from individuals seeking public office, but also by the election of increasing numbers of representatives from its own ranks to public bodies.

As Democracy develops, it is altogether probable that the control by Labor and the Community will considerably exceed the control that Management and Capital have exerted in the past. History is continually presenting paradoxes expressive of the underlying order which tends, in the last analysis, to bring all men and things into conformity with itself. It would almost seem that one of these remarkable paradoxes would yet be exemplified in the control of Industry; and that Management and Capital would be driven to extend to Labor and the Community obvious and direct representation

in joint-control, in order that the mutuality of the several interests might be the better understood and preserved. Any lesser step means not only continuing strife amongst themselves, on the part of the several interests in Industry, but also increasing conflict between political and industrial control, with confusion and loss to all concerned.

Whether political and industrial government will merge into one, or tend to remain separate and distinct, the one being supplementary to the other, is a moot question.[1] The probabilities are that for years to come they will exist side by side, mostly distinguishable, but, in much, so merged that separateness will be possible in theory only. Not a little will depend on the readiness of employers to recognize the inevitable trend, and on their willingness to acquiesce voluntarily in the government of private enterprises being so changed individually and collectively as to ensure the necessary representation of all interests. Much also will depend on the degree of self-government of which employees find themselves capable. Already the tendency to enlarge the scope of political government so as to include also industrial government has gone a long way. On the other hand, the reorganization of private enterprise on the basis of joint-control by

[1] *Vide* Earl Dean Howard, "The Development of Government in Industry" (*Illinois Law Review*, March, 1916); also miscellaneous contributions by J. E. Williams, of Streator, Illinois, to the *Daily Independent Times*, 1917.

all four parties has had substantial though small beginnings.[1]

Were direct representation in the joint-control of Industry to become at all general in private enterprises, individually or collectively, it might be expected that by voluntary agreement amongst the parties, standards in Industry which are all-important to the well-being of the several interests would gradually be established. Through compulsion, exerciseable under political government, such standards, sooner or later, would come to be the standards of Industry as a whole. Example is a form of leadership in a Democracy, and where it is to the interests of the many to have standards preserved or raised, there is in a Democracy a guarantee of the general adoption of desirable standards which no other form of government affords. In this way, a national minimum of human well-being, as nearly in accord with an enlightened self-interest as conditions will permit, is most likely to be attained, and inferior standards effectively prevented from undermining levels of well-being already reached.

The War, by compelling, as it has, recognition of fundamentals, has disclosed the entire interdependence of the parties to Industry. It has made wholly apparent that there are four parties to be

[1] *Vide* chapter XII, "Education and Opinion."

reckoned with: not one or two, or, at most, three, as is commonly assumed; and that each has distinct functions and individual rights which, in the interest of all, require to be safeguarded and promoted in common. The world has witnessed each of the parties to Industry voluntarily surrender some measure of its exclusive and separatist attitude in response to national necessity. In Europe and America alike, Labor has jettisoned many customary restrictions of output, and held in abeyance its resort to the strike. Capital has brought forth, from nooks and crevices, savings hitherto concealed, and transferred them readily into industries essential to the successful prosecution of the War. It has gladly followed practices of thrift and economy, in order to augment its substance and thereby increase the power of the State. Management has submitted with more or less grace to regulation by Government, as respects the standards to be maintained in Industry, the distribution of business, and even the disposition of its own abilities. Finally, the Community, protecting itself against exploitation, has enacted laws against profiteering, regulated the sale and prices of many commodities and services, and given its sanction to all sorts of measures bearing directly upon the well-being of the workers in Industry.

Not less important than this "getting together" on the part of Labor, Capital, Management, and

the Community, is the motive which has prompted the change in attitude. Each one has come along like a partner who shares a joint venture and is willing and anxious to participate in what he recognizes as a form of national service. Significant beyond all, perhaps, is the method by which the change in attitude has in large part been accomplished. Performance has usually been preceded by conference, and conference, where it has taken place, has been between representatives of the parties concerned. Representatives of Labor have met with representatives of Capital and Management, and all three have been brought into joint conference under the ægis of the Government, representing the Community. The personnel of Commissions and Boards, where appointed to deal with matters affecting Industry, has, as a rule, been composed of representatives of Labor, Capital, Management, and the Public. Here, surely, is the principle of Round Table Conference both in theory and practice!

Custom hardens quickly; the usages of one generation become the laws of the next. What has been customary practice in time of war may find enduring expression in succeeding years of peace.

A new attitude has already been assumed by the several parties to Industry, out of which some acceptable form of joint-control is certain to develop. The parties have recognized their distinct functions

and personalities as never before; they have seen themselves in their true relations to one another, and to the vast interest, opportunity, and service they have in common. The principle of Round Table Conference has been tested, and tried out with success, in the largest affairs of the nation, and under the most extreme circumstances. The principle of Representation has furnished a key wherewith to unlock the door of every difficulty. Leadership alone is now required to give to the whole development its permanent setting; to take Industry, through all-round partnership, out of the mire of warring factions, blinded through self-interest and limited vision, into a consciousness of its mighty and beneficent mission.

CHAPTER XI

GOVERNMENT IN INDUSTRY

In working toward a wise evolution of Government in Industry, the evolution of Government in the State cannot be studied with too much care. We have seen wherein law and order in democratic communities had their beginnings under a system of government which was highly centralized and autocratic. We were able to ferret out, from the days of William the Conqueror and the early Henrys, juridical devices of one kind or another applicable to present-day relations between the parties to Industry. Out of the elementary principles embodied in those remote political precedents, the elaborate systems of legal justice and judicial procedure of our times have been evolved. It is to the Reign of Edward I that we look for the origin of Parliament.

To Simon de Montfort, Earl of Leicester, belongs the glory of having been the first to admit within the pale of the British political constitution the really popular and progressive burgher class, which, with the freeholders of the counties, constituted henceforth the newly developed Third Estate of the realm. In the summoning of De Montfort's famous Parliament which met in London on the 20th of

January, 1265, writs were issued to all the sheriffs, directing them to return not only two knights from each shire, but also two citizens from each city, and two burgesses from each borough. The innovation of Simon de Montfort in calling to the central assembly elected representatives of the boroughs, completed the formation of the National Parliament on substantially the same basis as it has ever since retained. But its existence during the next thirty years was still precarious. The period 1265 to 1295 was one of transition; it is only from the latter year that we can date the regular and complete establishment of a perfect representation of the Three Estates in Parliament.[1]

In the development of Government in Industry, it would appear that we are to-day in a transition stage closely resembling that of Government within the State in the reign of Edward I. Here and there, large-visioned employers, lesser or greater De Montforts in their way, are calling to their Industrial Councils representatives of Labor and the Community, as well as of Capital and Management. They are seeking to work out a wise system of joint-control. They have conceded the principle of representation, not to privileged classes only, but to all who participate in production. In matters pertaining to collective bargaining and the adjustment of disputes, the machinery of representation is now

[1] *Vide* Taswell-Langmead, *Eng. Const. Hist.*, chap. VII.

quite generally employed. It is interesting to observe that, in the State, representative machinery was employed for judicial and financial purposes before its extension to the domain of politics. Once ideas of election and representation became familiar to the nation in matters pertaining to Justice and Finance, it was inevitable that sooner or later their application should extend to participation in matters of Government as well. Is a like sequence not visible in Industry to-day? On all sides there are evidences of the inevitable trend.

How vast has been the transformation in the relative powers of King, Lords, and Commons since the days of Edward I! Control in political government has widened from absolutism to executive authority, broad-based upon a people's will. In progress toward Self-government in the State, three phases of control are clearly distinguishable. The first may be termed that of the Autocratic Executive; the second, that of Representative Government; and the third, that of Responsible Self-government. The introduction of the idea of Representation opened the way to participation in Government by all classes. At the outset, Representation was comparatively meaningless. It progressed steadily towards greater effectiveness. Ultimately, it succeeded in bringing about the responsibility of the Executive to the people at large. The evolution has been differently

achieved in different countries; but in all free countries, there has gradually come about co-operation, in increasing harmony with the collective will, among the several factors comprising Government. The broadening of the basis of Representation marks the evolution by which the bounds of political Liberty have gradually widened.

What the ultimate development of Government in Industry may be is necessarily a matter of speculation. If its beginnings are a criterion, it would appear that, as regards essentials, its evolution will follow lines parallel to those which have become familiar in Politics. Social Freedom is both political and economic. In the last analysis, the situation as regards the exercise of Control in Industry is on all fours with the exercise of political Control. Wherever in affairs of the State, one class has sought to maintain a monopoly of Government, there, sooner or later, conflict has been inevitable. It will be the same in Industry so long as reasons which are identical persist, and human nature does not change. In the struggle for a wider Freedom, mankind will not rest until in Industry, as in the State, Autocratic Government, whatever its form, is superseded by a form of Government representative of all the parties in interest, and, ultimately, by a system the corner-stone of which is Responsible Self-Government.

A system of Responsible Self-Government in Industry would be one in which all those who contribute aught in the nature of effort toward production, who make aught of investment either of life or of possessions, would have a voice in controlling the conditions under which their services are given, and to whom the executive authority, however it might be constituted, would be answerable for the manner in which executive functions are discharged. Whether this evolution of Government will be attained in Industry without the violent revolutions which have marked its course in Politics, will depend upon the degree to which the lessons of History are taken to heart.

It is in the nature of things for Privilege to die hard; and Privilege, where it represents monopoly in industrial control, may find the democratizing of Industry as difficult to concede as did ancient aristocracies the abolition of their exclusive rights. But principles as fundamental in the one case as in the other will be contended for, and ultimately won; their slow but certain acquisition throughout the world in the realm of Politics is but paving the way for their more rapid attainment in the sphere of Industry. It will be fortunate for Society if the inevitable trend is recognized, and, by a process of natural evolution in Industry which reveals appreciation of the possibilities of men to govern themselves, the world is spared the kind of convulsions in

Industry which have attended efforts at democratic control within the State.

Of all conceivable combinations, the most dangerous to Liberty is that of Industry and the State, each organized on an autocratic basis. The European War has shown the possible consequences of such a combination, now that Industry has become a world concern, and political ambitions have enlarged correspondingly. The free nations were not slow to recognize in the world conflict a supreme struggle between Despotism and Democracy. It took some months of the War, however, to make plain that German despotism had been able to perfect its strength through a combination of political and industrial power rendered possible only through the autocratic organization of both Industry and the State.

Mr. William Roscoe Thayer has shown, in "Germany *vs.* Civilization,"[1] with what design and skill this combination of political and industrial autocracy was effected for purposes of world conquest; how the Kaiser arranged it so that the Ballins, Krupps, and scores of similar capitalists became the much honored members of the social organism; how Plutocracy married with Aristocracy, and the two became a united force in maintaining the social and political system on which

[1] Houghton Mifflin Company, Boston, 1916.

their own privileged existence depended, and which assigned the highest privileges to aristocrats.

The combination of Aristocracy and Plutocracy, and the support of their privileged position by Militarism, are in no way new. The combination is one to which nations tend constantly to revert, and which, if Freedom is to be maintained, must be checked at all costs.[1] German Imperialism, as deliberately conceived, was nothing but Militarism at the service of the aristocratic junker and the plutocratic industrialist for purposes of world conquest. To this ambition every institution and ideal was made subservient. All the human and material resources of the German Empire were organized to further this end. The concentration of capital, the co-ordination of wealth, the credit and banking systems, the aids to Commerce and Industry, the whole financial, commercial, and industrial organization, were so inter-related and inter-woven on the model of autocratic control as to constitute one mighty instrument for purposes of industrial and political conquest. Foreign markets were to be gained and foreign territory conquered by force of arms. Additional resources and colonies, the one to furnish fresh supplies of raw materials to her industries; the other, new fields of settlement for her population: these, with an enlarged centralized Europe,

[1] *Vide* Goldwin Smith, *Commonwealth or Empire.* The Macmillan Co., New York, 1902.

were the immediate objectives of a ruthless expansion that aimed at industrial and political domination of the entire world. Even Education and Morality did not escape the taint. The school was made the ally of the barracks, and Science was most fostered where most closely related to instrumentalities of destruction.

With the political and industrial government of Germany organized on a basis of autocratic control, there spread, of necessity, through the Militarism supporting it, the only spirit which Militarism can breed: arrogance, at the one extreme; and at the other, subserviency. Mr. Thayer has shown how, all unconsciously, the entire nation took on the pattern of the Prussian army: perfect organization, perfect discipline; but accompanied everywhere by a belief in Force and the power of Might, and the subordination of the individual to the material ends of the State and its aggrandisement. By a subtle sophistry, the material ends were held up as the spiritual also.

The bearing of all this upon government of Industry in countries where autocracy in political government has long since been overthrown, was passionately expressed in an article in the London "Weekly Times," of February 23, 1917, by a British officer who was wounded on the Somme. Portraying with rare imaginative insight the meaning

of the great world struggle in its relation to modern industrialism, this soldier says:

"We ought to recognize that the real struggle, in which this war is only an episode, is not merely between our own country and anything so unstable and transitory as modern Germany, but between permanent and irreconcilable claimants for the Soul of Man, and that what makes the German spirit dangerous is not that it is alien, but that it is horribly congenial to almost the whole modern world. For the spirit of German Imperialism is too often the spirit of English and American industrialism, with all its cult of power as an end in itself, its coarse material standards, its subordination of personality to mechanism, its worship of an elaborate and soul-destroying organization. And if we feel that the absolute claim of personality, the preservation and development of spiritual freedom are worth any sacrifice in time of war, we ought equally to feel that they are worth any sacrifice in time of peace."

How profound the truth and wisdom of these words! The overthrow of Prussian Despotism is only part of the vast undertaking which the free nations of the world have still before them if Freedom worthy of the name is to be attained. Industrial autocracy and political autocracy may go hand in hand, but not autocracy in Industry and democracy in Politics. The latter combination is as ill-mated as the former is natural. To the nations that have won political freedom, there re-

mains the task of reorganizing their industries into harmony with their governments. Anything short of harmony means perpetual conflict. Institutions opposed in organization and spirit can only work against each other till one or the other prevails. To democratize Industry, so that along with democracy in government there may be a true Industrial Democracy, is the task that lies ahead.

To achieve a wise evolution of Government in Industry will require time. While History points the way to Freedom, her teachings not less clearly reveal the wisdom of proceeding slowly, and the part which capacity and preparedness play in the accomplishment of enduring reforms. The surest method is that which proceeds step by step, avoiding cataclysmic changes, and neglecting no opportunity to unite all parties in effective co-operation towards a common end.

The growth of the English Constitution has been concurrent with the growth of Parliament. There is hope for the evolution of Government in Industry when it is recalled that the English Constitution is the first of all free constitutions in age and in adaptability, and has served more or less as the model for all existing constitutions. It is well to remember that its evolution has been wrought out "line upon line, precept upon precept, here a little, there a little." Taswell-Langmead says: "In

its practical combination of conservative instincts with liberal aspirations, in its power of progressive development and self-adaptation to the changing political and social wants of each successive generation, have always lain the peculiar excellence and at the same time the surest safeguard of our Constitution."

The chaos which, within the past decade, has accompanied the transitions of the ancient absolutisms of China and Russia, reveals the nemesis which sooner or later is bound to overtake resistance to change. It evidences equally the tragic consequences of a development beyond that for which a people is prepared. The new Republics had their birth in ideas and forces which had been permeating the unnumbered masses of these unknown peoples. The political evolutions of England, France, and America, had been as leaven in Chinese and Russian thought. It is in the nature of political ferment to work in many directions at once. The change in these ancient monarchies came with a surprising suddenness, and a no less surprising lack of bloodshed. That was because the privileged circle surrounding Autocracy had been narrowing, while the social pyramid had been steadily widening at its base. The overthrow of Autocracy was followed by reactions hardly less sudden, but full of bloodshed. That was because, of all forms of Government, Self-government by

numbers of men is the highest of human achievements, and is necessarily in the nature of a growth. It is not an inheritance into which a people can enter at will. Attempted evolutions by means of revolution have a significance, as concerns Government in Industry, quite as considerable as any they have for Government in the State.

A glance at forms of Industrial Government which are in the nature of protests on the part of Labor and the Community against monopolistic control of Industry by Capital and Management may help to disclose the superior merits of a method of Industrial Government which seeks to improve the existing order by adjustment of the relations of the several parties to Industry in accordance with principles underlying a genuine partnership.

Socialism is, first and foremost, a form of Industrial Government. But the term Socialism, like the term Co-operation, is so loosely used that, to appreciate its significance in any relationship, it is more or less necessary to define the sense in which it is being employed. As with forms of Co-operation, so with forms of Socialism, one merges imperceptibly into another. Some times emphasis is upon the spirit which the Socialist movement is intended to express; at others, and with greater accuracy,

it is upon a particular form of Industrial Organization and Government.[1]

The social idea, not dissimilar from the co-operative idea, which lies at the one extreme, in no way necessarily conflicts with the organization of Industry on a basis which retains the wages system, and which leaves the control of Industry in the hands of those who provide the capital. Socialism, in this sense, means little else than an attempt to carry on Industry in its existing framework in a manner which will cherish and promote a spirit of conscious good-will, and a regard for social well-being among the several parties to production. It differs from the pure individualism of Industry organized on the capitalistic basis, in that Competition, as the determining factor with respect to the wealth produced, is eliminated; and principles of Reason and Justice, determined in advance, are substituted therefor. This is effected by agreement under voluntary association. In this form, Socialism is not distinguishable from Co-operation on a basis of fair dealing toward all concerned, and is reminiscent of the fact that the beginnings of the Socialist movement are traceable, in part, to co-operators who styled themselves Christian Socialists.

Socialism, as viewed at the other extreme, means

[1] *Vide* Aneurin Williams, *Co-Partnership and Profit-Sharing*; also O. D. Skelton, *Socialism: A Critical Analysis.*

the organization of Industry on a basis the opposite of that which admits of private property, and of individuals pursuing, under voluntary association, their own interests in their own way. It implies the confiscation of all property by the State, the expropriation of the present owners of land and capital, and the organization of Industry, not by voluntary association in any form, but by the new owners, namely the State or Municipality. This method of organization is what is termed *Collectivism*, or the collective ownership by the State of all the instruments of production, and the collective control of Industry. It represents an excessively centralized sort of omnipotent, ever-present State.

Between the two extremes lies yet a third form of Socialism, which is commonly referred to as *Municipal* or *State Socialism*. It does not go as far as Collectivism, which would confiscate private property and place Industry in its entirety under State control, nor is it as indifferent to the State's functions as *Christian Socialism*, the ends of which would be satisfied apart from any state or municipal ownership of capital, or control by public authority, so long as the individual workers shared in the ownership of capital and the management of Industry.

Municipal and State Socialism would transfer the title of ownership of resources and the instruments of production from private to public control. Direction of Industry might be delegated to some

body appointed by the State, or be carried on by the State as a state enterprise. In the former case, there would be public ownership only; in the latter, public ownership and operation as well. The control by public authority would permit, in each case, of the division of the product of Industry on principles which the majority have decided to be just and reasonable; but the means whereby this would be effected would be compulsory and not voluntary.

Under State or Municipal Socialism, it is generally implied that Government would own and control only such branches of Industry as seem to afford special opportunities or reasons for Government Ownership and Control. Such, for example, are industries in the nature of monopolies, either natural, or created by the combination of businesses: railways, telegraphs, telephones, and the transmission of power, light, and heat. These are subject to franchise, and from them the element of competition tends to become eliminated. The War has demonstrated how suddenly monopolies or quasi-monopolies may be created in all kinds of commodities and services, as, for example, food, fuel, transportation, and the like. The need for public control in many such cases has helped to popularize and extend the idea of State Socialism as a kind of protection to the common weal. Municipal and State Socialism differ also

from Collectivism in contemplating the alteration, not the abolition, of the wages system. They are distinguishable from Individualism, not only in ownership and direction of Industry by Government, but also in the idea that legislation should secure a national minimum of well-being by insurance, minimum wage laws, and other means.

Of recent years, a new movement known as *Syndicalism*, which had its origin in France, has spread to different parts of the world. It is represented in America and Australia by an organization which styles itself the *Industrial Workers of the World*. Its aims are regarded by some as *Socialistic*, in that it seeks a social control of Industry; but because of its methods, which are revolutionary, and its attitude to political Government, which is one of indifference, the movement is more accurately described as *Anarchistic*. It advocates the acquisition, by the workers of an industry or trade, of the entire capital needed and used; and the complete administration by them of the industry or trade, possession and control to be obtained through the instrumentality of the strike, the use of force, or any other available means. It does not, as Socialism does, look to Government, which is representative of Organized Society, to obtain ownership and control of the instruments of production, and to administer Industry; it looks to the workers, apart

altogether from Government, and regardless wholly of private rights and interests.

Whilst the aim of Syndicalism, in a sense, is an extension, to Industry or Trade as a whole, of the principle of the self-governing workshops, which represented the ideal of the early Christian Socialists, its methods represent ideals the opposite of those which the Christian Socialists cherished. Instead of the gradual peaceful acquisition of Industry by Labor through the spread of education and the growth of intelligence, prompting thrift and developing capacity on the part of the workers, Syndicalism makes its appeal to the ignorance and prejudice of the masses. It proceeds upon the theory that if acquisition of territory and property is defensible in the case of nations through the instrumentality of war, the acquisition of property by force in a trade or business is equally defensible in the case of individuals to the extent of their power or might. The reasoning of the Syndicalists, generally applied, would reduce society to a state of Anarchy, which is the absence of all law; it would substitute Might on the part of the workers as the controlling element in Industry.

Though the terms are sometimes used interchangeably, *Anarchy* and *Socialism* represent theories of Government and of the State the direct antithesis of each other. In their extreme forms, the one recognizes no State; the other, all State.

In abstract theory, both Anarchy and Socialism are defended on the assumption that Labor creates all wealth, and therefore that all wealth belongs to Labor. Moreover, the method sometimes suggested of effecting a régime of Socialism is that of forcible expropriation by the State, without compensation to owners, of all private property, which is the method of Anarchy. Seeming identity of abstract theory and method has given rise to a confusion of purpose and aim in forms of social and industrial organization which are diametrically opposed. In discussions upon Socialism, irrespective of the particular form of Socialism to which reference may be made, it is well that important distinctions should be kept in mind.

The serviceableness of every form of Socialism as a solution of the problems of Industry, and, indeed, the value of any form of Industrial Organization and Government, is to be estimated finally by the fears it tends to eliminate and the degree of faith it helps to inspire between the several parties to Industry. Toward whatever begets the social spirit, which those who advocate Socialism believe it will evoke, there can be but one attitude. A community interest, where it is real, and widely diffused, must prove a stimulus to all the parties to Industry. Labor, Capital, Management, and the Community can have no finer incentive than that

of working together toward the one end, the well-being of the Community. All the parties to production have everything to gain and nothing to lose from the larger productivity which such a spirit ensures. The acceptance accorded socialistic thought and teaching is mainly attributable to a belief in the power of Socialism to evoke such a community interest and spirit.

As embodied in concrete proposals for industrial reorganization, it is at least an open question whether Socialism has justified, or ever will justify, the hopes and expectations of its advocates. War has demonstrated that the perils and necessities of war may help to beget a social consciousness, and lead to changes in social organization consonant with socialistic ideals. Whether, without a change of heart, such as the world has not yet undergone, influences other than those of war are capable of maintaining a like conception of social obligation, has not been proven. War, by compelling infinite recourse to expedients to keep society up to its utmost endeavor, provides the stimulus necessary for inventing means to this end. Apart from Christian motive, which as yet is unhappily far from being the main incentive in Industry, is there anything except extreme necessity which may be counted upon to do this? Extreme necessity, moreover, is the very thing Socialism aims at bringing to an end. The mistake in drawing deductions from

what takes place in time of war is that war is a wholly abnormal condition, the full cost of which cannot be known till long after it is all over, and not even then. Socialism, to be of value, must be an enduring system. As such alone its merits are to be estimated.

Since Labor constitutes so important a part of the Community, it might seem that the Socialist State would make a strong appeal to Labor. In so far as Labor may hope for improvement of its condition, it would appear that opportunity might be found under a form of organization in which the Community, in the stead of private individuals or corporations, is the owner of the instruments of production and the controller of Industry. Concrete proposals are no sooner thought of, however, than the difficulties to which they give rise become apparent. A series of disquieting questions at once suggest themselves. What is the State or the Community apart from the human beings who compose it? Is it to be expected that a change in external methods of organization will alter the inner workings of human nature? Are individuals, as politicians, likely to be better employers of Labor than individuals whose self-interest prompts them to promote Labor's efficiency? Since all cannot perform the function of Management, and since some such function must continue even in the Socialist State, who is to do the directing, and who is to

do as he is told? How are the directing and the working forces to be selected; and their respective rewards to be determined? If differences of capacity are to be recognized, who is to determine relative merits; and if differences of capacity are to be ignored, whither will the practice lead? How, on an elective basis, are some to control and direct, and others to work under direction and control, and Industry hold its own in the arena of world competition? Is any basis of choice other than the elective feasible; or, indeed, compatible with socialistic ideals?

Beset by such confusion and alarm, it is not surprising that Labor has seen little to hope for from a change in the social order of the kind Collectivism necessarily involves. Human nature senses the limitations of such a system. Psychologists are agreed that of all instincts, that of ownership is one of the most deeply rooted, and one of the least likely ever to be eradicated. Labor has long since recognized that the Socialist State is based too largely on a conception of human nature which leaves human imperfections out of account. It sees quite plainly that advocates of Socialism in its extreme forms mistake the end for the beginning; that they start out with the perfect individual who is to transform an imperfect social order, not with the imperfect individual whom the new social order is intended to transform.

Nor would capital be less necessary to Industry under Collectivism than it is with Industry organized, as for the most part at present it is, on a basis of pure individualism. If the Socialist State begets fears with respect to Labor's incentive in the matter of effort, what is to be said of the incentive to thrift and saving necessary to the accumulation of capital and investment? Capital cannot be called into being by order of Government, however powerful Government may be. Capital may be expropriated through taxation or by other means, but such a course is a mere transfer of ownership, not the creation of new values. Taxation, to be long continued, requires accumulations begotten of strong inducements to save. Up to a certain point, the Collective Owner, in the person of the State, might be expected to conserve and save. It would not be long, however, before what was seen to be everybody's business would come to be regarded as nobody's business, and a serious blow dealt to individual incentive.

Of Management under a Collectivist régime, it is hardly necessary to speak. Management might remain readily discoverable, though this is highly improbable. It might even prefer public recognition to personal gain, and willingly accept emolument chiefly in the form of opportunity of public service. The difficulties of Management would lie in the successful discharge of the functions of

Management. Uncertainty as respects both Labor and Capital is not calculated to lighten the tasks of Management and to improve productivity. Moreover, in initiative, in furthering invention, in introducing new processes, and in taking the thousand and one risks upon which industrial development is known to depend, the Socialist State would be apt to go either too far or not far enough. It would go too far if in any particular it accorded preference to individuals. It would not go far enough unless every individual with an idea had his chance.

Apart altogether from the uniform, conventional mould into which a régime of Collectivism would tend to force all men and things, the fears to which the Socialist State gives rise are clearly sufficient to destroy the faith which any considerable portion of mankind is ever likely to have in Industry organized on such a basis. The War has added to existing fears by demonstrating in the Socialist State baneful possibilities hitherto unrealized.

The highly centralized control exercised by Government in Germany, and believed by the German people to have had its inspiration in a desire for their social well-being, has been revealed as the *sine qua non* of the militarist state: all-serviceable, it is true, in prosecuting war against other nations, but all-dominating, as well, over the lives and destinies of the proletariat. Even the measure of extension of State control which the War has induced

has occasioned the allied nations to question the restrictions and obligations it has imposed, and to view, from an opposite angle, the possibilities of unlimited control by the State; or, in other words, unlimited control by the Government of the day.

It may be said of Socialism as practically applied in the modified forms known as Municipal and State Socialism, that the absence of competition makes it difficult to estimate whether industrial processes so conducted are as efficient as they should be, or whether the output is all that it otherwise might be. Deficiencies in these particulars are offset in the minds of the Community by the feeling of general satisfaction which comes from all sharing more or less alike, and from the thought, congenial to human nature, that some individuals are not, as is often supposed, reaping vast personal gains at the expense of their fellows.

Labor, as a rule, is readily available for municipal and state enterprises in the nature of public utilities and natural monopolies. Public bodies are in a position more or less to disregard considerations of economy of which private concerns necessarily take account. Especially where competition is eliminated, is it possible to fix standards of wages and working conditions which satisfy Labor; whilst the knowledge that the employer is the public, not a private individual, or the sole employer

as under Collectivism, begets in Labor a sense of security of tenure and just treatment which sometimes is wanting under conditions of competitive employment.

For enterprises of this class, capital, for the most part, is also readily obtainable. If it cannot be secured by loan, it can be raised by taxation, which is possible so long as the different undertakings financed by public bodies are not too numerous, and are confined to those specially adapted to Public Ownership. Management, too, is usually available, since the office it enjoys is a quasi-public one, carrying with it certainty of reward and tenure, as well as perquisites, and a degree of personal consideration and recognition. Management, moreover, in the case of public utilities, is not so much discoverable, as already known and proven.

Industries publicly owned are most frequently acquired by Municipalities or the State after they have reached a high order of efficiency under private management. Where publicly operated, they have very often the helpful example and stimulating rivalry of privately conducted concerns. Altogether, therefore, favorable conditions may well make probable an enduring measure of success to certain kinds of municipal and state enterprise. It is, however, a success essentially conditioned upon favoring circumstances.

The protest of a militant Trade-Unionism against the exclusive control of Industry by Capital and Management has found expression in a desire for control quite as exclusive on the part of Labor, in what the promoters of the movement term a system of National Guilds. It is described as "a system of industrial democracy in which the workers will control Industry in conjunction with a democratized State."[1] "The workers themselves supplant capitalism in the control of production." Labor, instead of organizing itself sectionally within particular industries, is urged to have regard only for *Industrial Unionism*, and to unite in one great society all the workers in each industry; that is to say, to organize in one union the workers in all the branches of a particular industry. The ideal of National Guilds is self-governing associations of workers arising out of the Trades Unions and controlling Industry in conjunction with a democratized State. Industrial unionism and control are to go together, each giving momentum to the other. Thus organized, the workers are to seek control of the industry, not by the State, as under Socialism, but by the Union with the aid of the State. As the representative of the consumers, the State is to be brought into sympathetic alliance in effecting the complete overthrow of Capitalism, thereby establishing "a system by which the control

[1] G. D. H. Cole, *Self-Government in Industry*, p. 4. London, 1918.

of Industry might be shared between the organization of producers and consumers, so as to safeguard the interests of the community of consumers, and at the same time to give the workers freedom to organize production for themselves." National Guildsmen maintain that only in this way can Labor come into its own, and be freed from the "tyranny" of Capital which exists under Industry as at present conducted and from the bureaucratic control which becomes a substitute for capitalistic domination, where Industry is controlled by the State and Capitalism in any form is permitted to flourish.

It is interesting to observe that the National Guild movement places itself in opposition to Socialism, though it recognizes the State, representing the Consumers, as a necessary partner, along with Labor, in Industry. Like Socialism, it would rule out Capital's place for consideration in joint-control, but, as the predominant factor in control, it would substitute Industrial Unions for the State. In protesting against an actual monopoly of control by Capital under *Capitalism*, and a possible monopoly of control by the State under *Socialism*, it would establish a monopoly of control by Labor under *Unionism*. This is a natural reaction. It represents the extreme of the protest by a militant Labor Unionism against the monopoly of control by Capital, just as Collectivism represents the extreme

of the protest by an aggressive State Socialism against the monopoly of capitalistic control.

Industrial Unionism and Collectivism are alike in that each would oust Capitalism by setting up a monopoly of its own. Of the two, National Guilds under Industrial Unionism would probably go farther in the direction of establishing a complete monopoly of control than would the State under Socialism. Industrial Unionism mistrusts the State owing to the possible influence of Capital. Socialists, whilst giving the State — in other words the Community — preponderating control, are inclined to pin their faith to Labor, and to look to Labor, under a Socialist régime, as being well-nigh identical with the State.

It is clear that the National Guild movement rules out altogether the idea of partnership. There can, in the nature of things, be no relationship between partnership and monopoly. The one stands for joint-control, the other for single control. Single control, whether it be by Capital, Management, the State, or Labor, sooner or later means autocratic control. Whether Labor as the Autocrat would be better for Industry, considered either as a revenue-producing process or as an instrument of social well-being, than Capital, Management, or the Community, is a question that may well be left to Labor itself. Perhaps nothing would better serve to reveal fundamental limitations than a brief ex-

perience of this kind of monopoly. It would soon be discovered that Autocracy in any form is a mistake; and that the protests separately made by the other parties to Industry against domination on the part of Capital, or of the State, or of Labor, are evidence of an abiding conflict with monopoly irrespective of the party by which it is exercised.

National Guildsmen say: "The alternative to Trade Union control of Industry is control by Capitalism, either directly or through its servant, the Capitalist State." Is this, in fact, the only possible alternative? Is there not the alternative of joint-control by all the parties to Industry? Indeed, the only rational and enduring solution of the problem of industrial government would appear to be a joint-control by all, where parties possess functions which are separate and distinct, but which at the same time are essential and interdependent.

Whilst it is unlikely that Socialism in the form of the omnipotent and ever-present State, or Industrial Unionism controlling Industry in conjunction with a democratized State, will ever permanently succeed the present order, it is altogether probable that Collectivist ideals, and in particular what they represent of the community idea and improvement in the status of Labor, will vastly expand their influence in the years to come. This is but continuing a natural evolution which experience has wholly

justified. A belief in the wisdom and justice of a measure of State interference succeeded the older conception of *laissez faire*, which looked to unrestricted competition as the ideal in matters of industrial organization. Regulation, especially as respects a minimum of social well-being, is more and more the accepted order of to-day.

What would appear as most likely to happen is that managers, investors, and workers alike will be obliged to yield an increasing measure of interest and control to the Community. The function of Government in Industry will cease to be monopolized by any one or two or three of the parties, and will be shared by all, in ever-increasing measure of equality. Whilst Industry may continue chiefly a matter of individual enterprise, kindred enterprises will more and more coalesce and expand. The status of the wage-earner in the control of Industry will gradually rise toward equality with that of the investor. Labor's voice will become correspondingly important and authoritative.

Any development which tends to equalize Control between all the parties is promoting Partnership in Industry. Simultaneously, it is helping to evolve genuine Industrial Democracy. If one stops to analyze what Control signifies, it will be seen that, in a very real sense, all Control is in the nature of Ownership. To own a thing is to have the right to control it. Ownership apart from control is a

negative kind of possession; control with or without ownership is a positive one. Public Ownership and Public Employment do not of themselves bring about any unity of the interests of the worker with those of the public body which employs him. Some direct interest in the results, and some special representation of the workers actually employed are essential, even in a public enterprise, if individual effort and individual freedom are to be maintained.

The ideal of Joint-Control of Industry, as respects both individual enterprises and Industry as a whole, would doubtless be control by Labor, Capital, Management, and the Community, equally represented on what would be the equivalent of industrial directorates, and enjoying an equal voice in round table conference. By such directorates, policies would be framed and agreements reached as the result of discussions in which thought of the common interests of the several partners in Industry would be uppermost, just as, in a Cabinet, expression is given to the common interests of a nation.

The form of industrial organization, and even the immediate ownership of the instruments of production, are wholly secondary to Control. If the contributing factors to production, Labor, Capital, Management, and the Community, were to constitute a Directorate of Partners, what any one or all actually owned of the instruments of production

would be unimportant as compared with the degree of control which each exercised over the workings of Industry and its results.

Few men have done more to preserve popular liberties and to advance constitutional government than the illustrious statesman John Pym. He was returned in 1614 to the House of Commons at Westminster by men who represented the determined spirit of the nation against the unscrupulous and arbitrary behavior of James I. He was imprisoned by James for joining with other members in protecting the privileges of the House against the King's disregard of Parliament. He eloquently supported the Petition of Right in protest against the concession of *sovereign power* to Charles II. In the Long Parliament he denounced unsparingly the arbitrary proceedings of the Government. It was he who characterized the Earl of Stafford as "the greatest enemy to the liberties of his country, and the greatest promoter of tyranny that any age had produced," and who, when the Commons decided on Stafford's impeachment, carried the message to the bar of the Lords. It was he also who exposed in Parliament the design of Charles to bring up the army to overawe the deliberations of the Commons. He declined to lessen his independence by accepting, at the instance of the Crown, the Chancellorship of the Exchequer. Because of this refusal, he

was named by royal message one of the five members in an impeachment which helped to provoke the Civil War. Of this impeachment Macaulay has said: "It is difficult to find in the whole history of England such an instance of tyranny, perfidy, and folly."

Speaking of the principles which underlie all free government, Pym said: "That form of government is best which doth actuate and dispose every part and member of the State to the common good."

No more splendid maxim of Government has ever been devised. Were Pym's words so transposed as to be made applicable to Industry, the maxim would read: *That form of Government in Industry is best which doth actuate and dispose every part and member to the common good.*

Labor, Capital, Management, and the Community: these are the parts and members of Industry. They are the partners in Industry, partners in individual enterprises, partners in Industry as a whole. Self-government in Industry worked out on some basis of adequate representation of all the partners should prove as nearly perfect as any form of Industrial Government it is possible to conceive.

There is an important distinction between a Directorate and a Management, and it is in the form

of a Directorate, not as a Management, that a more equitable distribution of the control of Industry among all its contributing factors is to be desired. The function of a Directorate is to create and lay down policies, and to find ways and means of providing what is necessary to carry them out. The function of Management is to see that the policies determined upon are executed in accordance with the spirit by which they are actuated. Once the right relationship of a Directorate to a Management is grasped, the possibilities of Industrial Directorates become more apparent, and the whole problem of Government in Industry is relieved of many of its embarrassing features.

The method of conducting political Government in free communities helps to make clear the essential difference between the functions of a Directorate and a Management. Government in the State is divided between bodies which make the laws, and bodies which execute them. In other words, there are two main functions in Government: the one legislative, the other executive. In the British Isles, and throughout the self-governing Dominions of the British Commonwealth, the central law-making body is styled Parliament; in America it is spoken of as Congress. Parliament and Congress through legislation define what may or may not be done by men in their relations as citizens. They do not attempt, however, to carry out their own poli-

cies, or to execute the laws they enact. The work of Executive Administration is left to salaried officers, composed, in the countries mentioned, of the Head of the Nation and his Cabinet, the Civil Service, and the Judiciary. Within the limits prescribed by law, the authority of the Executive in all its branches is supreme. Without permitting wide discretionary authority to the individuals chosen to administer and execute the laws, and without reserving to them ample power to give, and to compel obedience to orders, it would be impossible for the business of Government in the State to be carried on.

Because Management exercises what is essentially an executive function, it does not follow that Management may not also be a part, and, for that matter, the most important part, of the Directorate which shapes policy. Though differing in many particulars, both the British and the American constitutions afford conspicuous examples of the exercise of this dual function by the Executive. Under the workings of both, the National Executive sees to the effective enforcement of policy and laws. Under both, however, the Executive, in the exercise of its control, is itself controlled by the will of the people as a whole.

If Government in Industry were to undergo a transition similar to that effected in the evolution of Government in the State, Management need not

be robbed of any of its necessary measure of control. Its function in Industry would continue to correspond with that of the Executive in the State. As in the case of the State, the distinction in Industry between legislative and executive powers would become more and more clearly marked. The executive would be rendered more and more responsible to the body which has to do with the shaping of policies. In the case of Industry, this body would be the Directorate representative of Labor, Capital, Management, and the Community, with Management advising, and often dictating to, the other constituent elements, just as under the British constitution, the Prime Minister and his Cabinet, and under the American constitution, the President and his Cabinet, notwithstanding that their primary function is executive, advise, and, within bounds, dictate to Parliament and Congress respectively.

If in the course of industrial evolution something resembling the system of Representative and Responsible Government in the State is to be effected in Industry, the evolution is certain to be gradual and wholly intermittent. It will come in industries individually before it extends to Industry collectively. It will find expression now in this individual enterprise and trade, now in that; here in one group of allied trades and industries, there in another and wholly different group; and the men who

help to promote a peaceful development are the men whom History will honor.

The application of principles underlying Partnership, on which all the rest is founded, need not await the day of equal representation of the four partners on Industrial Directorates. A frank recognition of the fact that there are four parties to Industry, instead of one, or two, or three, and that each is entitled to a voice with respect to conditions affecting itself; and an equally frank acceptance of the principle of round table conference through representation, as the best of methods of arriving at a common policy, are all that is necessary to start the machinery of Government in Industry in the right direction. Necessary adjustments will readily disclose themselves, and perfecting processes can be worked out as time and occasion permit.

Nor in the effort to further Self-Government in Industry, is it necessary to fashion all developments in one and the same mould. It will serve our day and generation if, in the making of necessary adjustments, we are true to the broad conception of Industry as a joint venture in which there are the four partners, each interested in the joint product, and each concerned in rendering a much needed social service. Progress hitherto has been impeded through a false emphasis, by one or other of the parties, upon a sole right of control; and by

a forgetting that Industry is something more than a revenue producing process; that it is a form of the highest social service as well.

The day of ultimate achievement may be far off, but the ideal, if it does nothing more than enlarge our range of vision, serves a useful purpose. It is sufficient, for the present, to comprehend that *a Constitution is in the process of making.* The expression in words of the Constitution Industry has already won will do much to promote the development of harmonious and just relations between the parties to Industry.

The Magna Charta, the Petition of Right, and the Bill of Rights, constitute, in the words of Lord Chatham, "the Bible of the English Constitution." Taswell-Langmead has pointed out [1] that in each of these documents, whether it be of the thirteenth or of the seventeenth century, is observable the common characteristic of professing to introduce nothing new. Each professed to assert rights and liberties which were already old, and sought to redress grievances which were for the most part innovations upon the ancient liberties of the people. Is the time not now at hand when, out of rights universally recognized and liberties generally conceded, *an Industrial Constitution* can be framed which will serve to all the parties to Industry as a bulwark of freedom in the period of transi-

[1] *Eng. Const. Hist.*, p. 79.

tion through which even now we are passing, and in distant years to come? After all, have we, perhaps, not reached the stage in the evolution of government in Industry where we can apply to those highest in authority the dignified utterances of Sir Edward Coke? "Was it ever known that general words were a sufficient satisfaction for general grievances? The King's answer is very gracious; but what is the law of the realm? that is the question. I put no diffidence in His Majesty; but the King must speak by record, and in particulars, and not in general. *Let us put up a Petition of Right;* not that I distrust the King, but that I cannot take his trust, save in a parliamentary way."

CHAPTER XII

EDUCATION AND OPINION

THE final word in the solution of the problems of Industry lies with an educated and intelligent Public Opinion. The fundamental assumption of popular government is the control of political affairs by an opinion which is truly public.[1] Enlightenment of Opinion is a matter of Education. Only through the agencies of Education and Public Opinion may we hope for a general acceptance of the conception of Industry as being in the nature of public service, and for the change of attitude in the relations of its parties consequent upon a belief in *common* as contrasted with *opposed* interests. Only through Education and Opinion supplementing all that Invention and Government may be able to do, can general application of principles underlying Peace, Work, and Health be assured.

The renovation of nations, says William James, begins always among the reflective members of the State, and spreads slowly outward and downward.[2] The thinkers, the teachers, the spiritual and political leaders, the practical idealists in business, hold a country's future in their hands. How to trans-

[1] Lowell, *Public Opinion and Popular Government*, p. 12.

[2] *Talks to Teachers on Psychology*, p. 3.

mit the force of individual opinion and preference into public action has been described as the most difficult and the most momentous question of Government. Intricate as it may appear, in the midst of dire necessity and surrounded as we are by the controversy of contending forces, we must "find a way or make it."

In the affairs of men and nations, no influence has yet equalled that of example. Nor could it well be otherwise. Example focusses attention, and it is through attention that perceptions become transmuted into knowledge and action. Especially do men gain confidence with respect to any method they are using when they believe that it has the support of theory as well as of practice.

The whole history of industrial relations, from the simple and immediate contacts of the old domestic system to the most highly developed forms of collective bargaining between organized groups of employers and workers, might be drawn upon for purposes of illustration of the application to Industry of principles underlying Peace, Work, and Health.[1] To appreciate the Trade-union movement at its true value, it is necessary to understand

[1] The reader's attention is directed to a volume entitled *Law and Order in Industry*, by Julius Henry Cohen. (The Macmillan Co., New York, 1916.) The account it contains of what has been accomplished in the garment-making industries through collective bargaining and the introduction of juridical methods of adjusting controversies is illuminating and instructive. The book is a valuable contribution to this most important subject.

that what it aims at fundamentally is the establishment and maintenance of labor standards, and the introduction into Industry of an effective procedure for the settlement of all matters requiring adjustment. Where Trade-unionism has departed from this aim, it has prejudiced its own position.

Like every other great movement, Trade-unionism has had its weak apostles, and has at times adopted policies which, to say the least, have been inimical to progress. Delays and restrictions in output, the monopoly of the closed shop, interference by violence with the liberty and rights of non-union men and women, are practices which have brought Trade-unionism into disfavor with many who, apart from anti-social policies of the kind, would have been the first to recognize the merits of a movement founded upon principles of voluntary association and mutual aid. It may not excuse Unionism, but it is at least an explanation, in a measure, that there is not one of these obnoxious practices which has not found its counterpart in policies of some employers and of some employers' associations, policies in no way less degrading to all who adopt and submit to them. Cutting down wage-rates where output is increased, interfering with the right of legitimate organization, and the employment of spies are practices quite as reprehensible on the part of Capital and Management as the methods which have brought disrepute to

Trade-unionism. Both are a part of the warfare of Labor and Capital which belongs to the realm of ignorance and fear, and neither can have a place in any enlightened order of relations between them. When allowances are made for mistakes on both sides, and recriminations avoided, it must be conceded by all who take an impartial view of the factors of progress that Labor owes to the Trade-union movement more than it is possible to express in words.

I

It would be immensely valuable, did space permit, to cite, from joint agreements between organizations of Labor and Capital, examples of the application of the principles enunciated in this book. As within the bounds of so limited a treatise it is not possible more than to sketch the merest outlines, I must content myself, for purposes of illustration, with examples which may be regarded as signifying the inception and the growth of an important development in Government in Industry. I shall leave it to the reader who is eager for mention of the object of his particular devotion, to supplement in thought numerous examples which will come readily enough to mind.

I take from the United States, as the one example, the plan of representation of employees of

the Colorado Fuel and Iron Company, inaugurated in 1915; and from Great Britain, as the other example, the Joint Standing Industrial Councils, recommended in the Whitley Report of 1917–18. The principle of Joint Standing Industrial Councils has been approved by the Parliamentary Committee of the Trades-Union Congress of Great Britain, and by a large number of representative employers' associations and Trades Unions; and the proposals of the Whitley Report have been adopted by the Government of Great Britain as the corner-stone of its industrial reconstruction policy. Of these examples, I choose the former for purposes of illustration, because it has to do with an industry which is still confronted with what may be termed "frontier conditions"; and I select the latter because it has to do with the most highly developed organization of Labor and Capital to be found anywhere in the world. I have a further reason for the choice. The Plan of Representation of Employees of the Colorado Fuel and Iron Company was put into operation by the Company while I was engaged upon an investigation of industrial relations under the auspices of the Rockefeller Foundation. Without request or suggestion from any source, I visited Colorado at the time, and was permitted by the management of the Company and its directors the freest kind of opportunity to study conditions, and to present constructive ideas. Of the

Colorado development, therefore, I know whereof I speak. As for the Whitley Report, I believe its recommendations represent the most statesmanlike proposals thus far made for the future of Industrial Government.

The Colorado Fuel and Iron Company is the largest industrial enterprise in the State of Colorado; it is one of the important industries of America. It operates coal mines in twenty or more Colorado communities, iron mines in the State of Wyoming, and an extensive steel plant at Pueblo, Colorado. It employs between ten and twelve thousand men, pretty evenly divided between the mines and the Steel Mills. The men at both the mines and the mills are of many nationalities. Prior to the War, only 21 per cent. of the employees at the mines were native Americans (14 per cent. white and 7 per cent. colored), 26 per cent. were Italians, 17 per cent. Mexicans, 12 per cent. Austrians, 8 per cent. Greeks, and 16 per cent. a mixture of other nationalities, including English, Scotch, Welsh, Russian, Polish, Swedish, Spanish, German, Hungarian, Bulgarian, Roumanian, etc., etc. Of the employees at the mills, a much larger percentage are native Americans.

The mining camps of the Colorado Fuel and Iron Company are largely in districts unorganized municipally. Until recently, living conditions in most

of them were such as are to be found in frontier settlements. Houses and shacks stood in rows unenclosed, or were scattered in clusters about the canyons and prairies. There was little in the way of public control. Law and order was maintained for the most part by Company officials. Stores, churches, boarding-houses, places of amusement, all were owned or assisted by the Company. This condition of affairs owed its origin, not to any desire or determination on the part of the Corporation to be feudalistic or paternal; it was simply that, except for the Company's interest in such matters, facilities of the kind would not have been provided in the localities where the mines were situated, or, if provided, would have been furnished in all likelihood by agencies given to exploiting the necessities and weaknesses of wage-earners in isolated communities. Pioneering in industry, like all forms of pioneering, is necessarily accompanied by much in the way of autocratic control. Especially has this been the case in the unsettled West. It is difficult, till a population ceases to be migratory and becomes more or less stationary, to promote industrial development by democratic means.

Authority necessarily exercised in an absolute manner in any one direction is apt to become more or less arbitrary in all. Especially is such the case where authority is delegated. To this rule the

mines of Colorado were no exception. Living and working conditions alike were regulated by authority. Conference of any kind with Labor played little or no part. Mine superintendents and pit bosses, however well or ill-disposed, were pretty much a law unto themselves. Management exercised a control over its subordinates, but the voice of Management was the one and only voice. Even Capital was hesitant in assuming authority with respect to labor policies. The Community, where it was organized and cared to exercise its power of control, was not without a voice, as, for example, in the enforcement of the mining laws respecting safety and accident, hours of labor, and the like. Except, however, where living and working conditions came within the scope of some State enactment, the Community made no attempt to control, and these matters were left to Company regulation, and to Company regulation exclusively. Labor's attitude, so long as work was plentiful, was supposed to be that of "being seen and not heard." Nor were these conditions peculiar to any one company. They were more or less characteristic of every like concern. They are conditions common to most industries which venture into unsettled regions and grow up under pioneering conditions. Indeed, they are conditions that persist to-day in multitudes of industrial establishments everywhere.

In 1915, the Colorado Fuel and Iron Company deliberately adopted a wholly new attitude in the matter of its industrial relations. It changed its policy from one of exclusive control on the part of Management to one of recognized joint-control on the part of the four parties to Industry: Capital, Management, Labor, and the Community. Wherever with prudence it seemed possible to substitute a relationship of joint-control by the several parties for the one of exclusive control by Management, a beginning in the new kind of relationship was made.

Assuming the responsibilities as well as the privileges of a shareholder, Mr. John D. Rockefeller, Jr., went from New York to Colorado to participate in person in the inauguration of the new policy. He met the miners in their homes, at the working face in the mines, and in open meeting at several of the camps. To one and all he delivered the same message. "They tell you," he said, referring to popular comment on the disturbances of a few months previous, "that we are enemies. I have come here to tell you that we are not enemies, but partners. Labor and Capital are partners, not enemies. Neither one can get on without the other. Their interests are common, not antagonistic."

And so the new policy of Partnership was announced. It was not permitted to evaporate in words. The principle of Representation was made the basis of a plan of government within the Indus-

try, which covered every phase of the Company's relations with its employees, and took cognizance, as respects possible readjustments, of the existence of four parties to Industry, and of their common interest in a joint venture. An Agreement in the nature of a Collective Bargain respecting Employment, Living, and Working Conditions was drawn up between Management and Labor, and signed by the representatives of each.

In addition to a formal statement of terms of employment, the Agreement provided machinery for the uncovering and early elimination of grievances, and an orderly and expeditious procedure for the settlement of all matters requiring adjustment. It included an undertaking to refer to the State's Industrial Commission all questions not satisfactorily settled by these means, and to regard the findings of that body as binding upon all parties. Protection of Employees' Representatives against discrimination was secured in like manner.

An Employees' Bill of Rights was included, in which were incorporated principles and policies to govern the relations of the parties in matters of possible controversy. This *Magna Charta* asserted the obligation of a strict observance of federal and state laws respecting mining and labor; and the posting, in a conspicuous place at or near every mine, of the scale of wages and the rules in regard to working conditions. It enumerated such funda-

mental rights as the right of employees to caution or suspension before discharge, the right of free assemblage, of membership or non-membership without discrimination in any society or organization, the right to a full investigation of grievances and to appeal against injustice from the lowest to the highest officer of the Company, and from there, if desired, to the State Commission.

The principle of the Open Door between the management and employees was emphasized by the provision of comprehensive machinery for the election of representatives by employees, and by providing regular facilities for access by employees' representatives to the management, and for consultation by the management with representatives of the employees. Employees were given a voice in determining conditions under which they were to work by the provision of means to bargain collectively through chosen representatives, and by representation, along with representatives of the management, on Joint Standing Committees, with provision for regular meetings of such committees for discussion of matters of common interest, and matters of special concern to employees. In this manner it was sought to promote just and harmonious relations between Management and Labor; to enable Labor to increase its knowledge of industrial processes and interest in the work in which it is engaged; to further a community of interest on all

matters pertaining to works organization and efficiency; to maintain maximum production and avoid the discontinuance of industrial operations.

The principle of Round Table Conference and the democratic procedure, which were to be outstanding features of the new partnership, were frankly exhibited in the manner in which the plan of Industrial Representation was matured and adopted. The miners were called upon to choose by secret ballot from among themselves not less than one representative for every one hundred and fifty of their number. Representatives thus chosen assembled in joint meeting with representatives of the stockholders and of the management, including superintendents, and the Plan of Representation in all its details was openly and freely discussed. Subsequently, by secret ballot at each of the camps, it was submitted to vote of the employees for ratification or rejection. Simultaneously, it was submitted to the Board of Directors. By the latter body, it was adopted unanimously; and at the camps, by a popular majority of 80 per cent. of the votes cast, the total vote at each of the camps representing the great majority of workers. In this manner an Industrial Constitution was framed and adopted within an enterprise which, but the year before, was involved, together with other mining companies of the State, in one of the most unfortunate conflicts in American industrial history.

On December 21, 1914, the President of the United States appointed a Federal Commission on the Labor Difficulties in the Coal Fields of Colorado. The members were the late Honorable Seth Low, of New York City, Mr. Charles W. Mills, a prominent Eastern coal operator, and the late Mr. Patrick Gilday, a leading official of the United Mine Workers of America. The Commission visited Colorado in the latter part of 1915, and presented its report to the President on February 23, 1916.[1] Naturally, the Industrial Representation Plan of the Colorado Fuel and Iron Company came in for extended notice. The Commission gave exhaustive study to the principles underlying the Plan, as well as to its workings in practice. The Commission's unanimous findings are therefore of special value and interest. They constitute an expert and impartial verdict by an official federal tribunal on the significance, purpose, and possibilities of the Plan.

In their report, the Commissioners say:

"The plan of the Colorado Fuel & Iron Co. to regulate by contract its relation with its own employees and to provide under the terms of said contract for the adjustment of grievances is also a new departure in the United States. Indeed, your Commission knows of nothing just like it in force anywhere. The importance of it, as an effort on the

[1] Report of the Colorado Coal Commission on Labor Difficulties in the Coal Fields of Colorado during the years 1914 and 1915, 64th Congress, 1st Session; Document No. 859.

part of a large corporation to regulate its relations with its own employees, by contracting with them instead of through a trade agreement made with a labor union, justifies your Commission in discussing this plan with great care.

"The plan is conceived of by the Colorado Fuel & Iron Co. as something more than a means of escaping from dealing with the union. If the large significance of it is to be understood, the philosophy upon which it is based should be made clear. The plan assumes that the development in industry in this country has run, and is likely to run, parallel in the main to the political development under democratic conditions. In political life the first struggle with arbitrary power is for a magna charta; or, as we would say, in this country, a bill of rights. This being obtained, the next demand is for representation on the part of those whose rights have been recognized.

"Representation in the first instance has been achieved by a part of the body politic only; but time has inevitably broadened such representation till all are included. Representation being granted, the next step is to make the executive responsible to the representatives, as in England; or directly to the people, as in this country. That, in brief, has been the course of democratic political development. The Colorado Fuel & Iron Co.'s plan, to be understood, should be studied in the light of this illustration. The plan assumes that the control of industry is to have a development parallel to that of public affairs; and that this development has already proceeded up to the point now to be indicated. The plan recognized that the trade union has striven to secure for labor, unorganized as well as organized, and to a great extent has succeeded in securing for all labor its bill of rights; namely,

among other things, its right to organize, its right to representation, and its right to collective bargaining as to everything relating to hours of labor, rates of pay, and conditions of employment. To the extent that labor is organized the men in the organization have secured industrial representation, while unorganized labor is without such representation.

"Following out this idea, the Colorado Fuel & Iron Co. has put into its contract with its men that every one of them has the absolute right openly to belong to a labor union or not, as he pleases; but, in view of the fact that many men in the company's employ do not belong to labor unions, it offers the rights of representation, which are embodied in the company's plan to unorganized labor in its employ as well as to organized labor. In other words, as between the company and its employees, all have the right of representation, and not those only who are organized. If the political parallel is to be further justified, the time is likely to come when, in some way, the working force will have some measure of control over the executive; but, pending that development, the Colorado Fuel & Iron Co.'s plan provides for the submission by agreement to the State Industrial Commission of Colorado of all questions in dispute between the company and its employees as to 'any matter pertaining to the prevention and settlement of industrial disputes, terms, and conditions of employment, maintenance of order and discipline in the several camps, company's stores, etc.' The contract binds the company to accept the industrial commission's findings on any of these matters. . . .

"The essential features of the plan seem to your commission to be (1) that the relations between the company and its employees, as a body, are defined

by contract; (2) that every employee is guaranteed the right to belong to a labor union or not, as he pleases; and (3) that the men in each mine under this contract are entitled to choose their own representatives, these representatives being protected against abuse by the company by a clause in the contract which entitles them, if they even think they have been discriminated against because of their action as representatives of the men, to appeal to the industrial commission of the State; and the contract binds the company on this point also, to accept as final the finding of the State industrial commission. The contract provides that any miner having a grievance, or any group of miners, may appeal from one authority to another until the president of the company is reached. The influence of this provision, although the contract has been in operation so short a time, has been greatly to modify the attitude of the mine foremen and mine superintendents and of the subordinate officials.

"The temptation to be arbitrary is greatly lessened when an official knows that an appeal will lie from his decision, and the company is already finding that an increasing number of complaints are adjusted locally. The plan provides further for the selection of four joint committees representative of the company and of its employees: (1) On industrial co-operation and conciliation; (2) on safety and accidents; (3) on sanitation, health, and housing; and (4) on recreation and education. This part of the plan went into operation only with the beginning of this year. It evidently contemplates the most far-reaching co-operation between the employees as a body and the corporation, as to all matters which affect the working and living conditions of the employees. It assumes co-operation between the parties and not antagonism. . . .

"Your Commission is of the opinion that the plan has been adopted by the Colorado Fuel & Iron Co. in entire good faith and is being operated with a single-hearted desire to make it successful. . . . Your Commission cannot believe that a body of American men granted such rights as the Colorado Fuel & Iron Co.'s employees now enjoy under this plan by formal contract can permanently be deprived of those rights."

The Industrial Representation Plan of the Colorado Fuel and Iron Company has been in operation for a period of over three years.[1] The most prejudiced observer could not deny the abundant growth of good-will there has been within that time. The industry has progressed as never before in its entire existence. Happy and prosperous communities, assuming the aspect of garden villages, in which community activities are being more and more community controlled, speak of the new citizenship which is receiving its training in government, while it safeguards working and living conditions, and contributes to the establishment of *an Industrial Code*, — a Code of Procedure, and of Principles in the Adjustment of Matters of Industrial Controversy, — on which Industry will yet build anew. The Joint Committees have been a revelation to the Management not less than to the workers. They have stimulated a friendly atmosphere, and have led to the adoption of many important sug-

[1] The Plan was duly inaugurated on October 2, 1915.

gestions, with not less of gain to Capital, Management, and the Community than of immediate benefit to Labor.

The annual joint meeting of all the representatives and Company officials, another feature provided by the Constitution, is *an Industrial Parliament* in embryo. It is called to receive reports by the several Joint Committees covering the work of the year, and to consider matters of common interest requiring collective action. There is no distinction of race or creed, of color or of language. Organized and unorganized, skilled and unskilled Labor, all are represented there together with representatives of the Directors and Management. Nowhere could a more cosmopolitan assemblage be found. Over thirty nationalities find representation in that annual gathering. As many as ten have had representatives of their own race. The Constitution itself is printed in seven different languages.

The Plan of Industrial Representation is not yet fully developed; it may have decided limitations; it may not be all that some of Labor's advocates may wish it to be. It is well, perhaps, to remember that it is but a beginning; and that the beginnings of political democracies are crude enough when contrasted with developments of later times. It is at least an honest attempt permanently to improve relations between the parties to Industry; to introduce democratic means of preserving Law and

Order in Industry; and to open the way for the development of Industrial Self-Government among workers many of whom are learning the principles of freedom for the first time. Ignorance of its true purpose, or wilful endeavor to thwart its possibilities, may destroy the usefulness of the Plan, — they will destroy anything, — but given a fair chance, and fostered in the spirit which promoted its inception, there are no limits to the service its development is capable of rendering both the State and Industry.

After three years' successful operation, the Plan must be regarded as something other than an experiment. If it had done nothing more than suggest the possibilities of the representative idea applied to Industry under circumstances as untoward and difficult as any ever likely to be faced, it would be deserving of every recognition. But it has done more than that. It has conclusively demonstrated that monopoly of control in Industry may give way, with common advantage, to Round Table Conference and Joint-Control of Industry based upon the idea of Partnership: a demonstration highly significant in a time of political and industrial transition like the present. As such, it is entitled to a place in the foundations of a new order, wherein all that the past has achieved in the development of free political institutions will yet play a part in the evolution of the highest forms of Industrial Government.

II

In Great Britain the attention recently given to methods of improving the relations of Capital and Labor has been due to a much needed solution of practical problems in Industry for which the War is responsible, and to the question of the control of Industry which it has forced to the fore. Confronted with the necessity of vastly increasing output, all classes have been compelled to recognize the great importance of Labor's part in production.

Assent to methods of highest efficiency involved on the part of Labor a surrender of restrictive devices by which through the past Labor has sought to fortify itself against the exclusive control of Capital and Management. To win Labor's acquiescence, the Government (obliged, in its representative capacity, to assert the position of the Community as one of the parties to Industry) found it imperative to extend to Labor something of that participation in control of policy which underlies partnership. From sharing confidences with Labor in conference, it passed to a consideration of methods whereby the control of Industry might also be effectively shared. Official expression of the new attitude was given in three important government inquiries: one conducted by the Reconstruction Committee (now the Ministry of Reconstruction) through a Subcommittee on Relations between Employers and

Employed, of which the Right Honorable J. H. Whitley, M.P., was the chairman; another by the Ministry of Labor, through members of the Department, as to the constitution and working of Works Committees in a number of different industries; and the third by a Commission on Industrial Unrest, appointed by the Prime Minister.

The Sub-committee of which Mr. Whitley was chairman was appointed by the Reconstruction Committee early in 1917. Before the close of the year, it had issued three reports: an Interim Report on Joint Standing Industrial Councils, during the month of March; [1] a second Report on the same subject; [2] and a supplementary Report on Works Committees, during October.[3] These reports were printed and widely circulated. Associated with the name of the Chairman of the Committee, their recommendations became a subject of general discussion in the months immediately succeeding.

The Report of the inquiry by the Ministry of Labor into Works Committees was made in March, 1918.[4]

The Prime Minister's Commission was appointed on June 12, 1917, subsequent to the publication of

[1] Reconstruction Committee. Sub-committee on Relations between Employers and Employed. Interim Report on Joint Standing Industrial Councils. [Cd. 8606.] London, 1917.

[2] Second Report, ditto. [Cd. 9002.] 1918.

[3] Supplementary Report on Works Committees. [Cd. 9001.] 1918.

[4] Works Committees. Report of an Enquiry made by the Ministry of Labor. Ministry of Labor Industrial Reports, No. 2.

the first Whitley Report. There were in reality eight special divisional commissions (each consisting of representatives of employers and employed, and a judge or other impartial chairman), constituting in combination one large Commission whose duty it was to inquire into and report upon industrial unrest, and to make recommendations to the Government at the earliest practicable date. The Commissions discharged their duties with remarkable promptitude and unanimity. Their findings, together with their recommendations, were in the hands of the Government by July 17, just a little over a month from the date of the Commission's appointment.[1]

Four recommendations of the Prime Minister's Commission are of special importance in their bearing upon government in Industry. The Commission recommended that the principle of the Whitley Report as regards industrial councils should be adopted; that each trade should have a constitution; that Labor should take part in the affairs of the community as partners, rather than as servants; and that closer contact should be set up as between employer and employed. In a summary by the Right Honorable G. N. Barnes, M.P., and Mr. G. M. Hodgson, the Commission's Secretary (which summary accompanied the presentation of

[1] Reports of the Commission of Inquiry into Industrial Unrest, London, 1917. (Reprinted, Bulletin of the U.S. Bureau of Labor Statistics, No. 237. Washington, 1917.)

the Reports to the Prime Minister), emphasis is laid upon the fact that the Reports bear a striking testimony to the value of the proposals made in the Report of the Sub-committee of the Reconstruction Committee (i.e., the Whitley Report) dealing with the relations of employers and employed. It is pointed out that the Report was published while the Commissioners were sitting, and that, broadly speaking, the principles therein laid down appear to have met with general approval. The summary adds: "The feeling in the minds of the workers that their conditions of work and destinies are being determined by a distant authority over which they have no influence requires to be taken into consideration, not only by the Government, but by the unions themselves." Not the least significant finding of all is the assertion that "the great majority of the causes of industrial unrest specified in the reports have their root in certain psychological conditions."

The personnel of the Sub-committee of the Reconstruction Committee, the occasion and manner of its creation, the prominence given its recommendations in Parliament, in the press, by trade unions and associations of employers, and, above all, the inherent worth of the principles it expounds, make the Whitley Report one of the most important public documents which have appeared in

England since the commencement of the War. No document of like significance to the future relations of Labor and Capital has been published, unless it be the Report on Reconstruction by the Sub-committee of the British Labor Party,[1] or the Memorandum on the Industrial Situation After the War, issued by the Garton Foundation.[2] It is impossible to compare the three. The Whitley Report is the outline of a scheme of government; it is in the nature of a Constitution for Industry as a whole. The Report of the British Labor Party is a political programme; carefully formulated, comprehensive, exceedingly radical and persuasive, a document certain to have far-reaching influence in the shaping of opinion. The Memorandum of the Garton Foundation is a study of the more permanent causes of industrial friction and inefficiency, and of the means by which these causes may be removed or their action circumscribed. As a scientific analysis of the fundamental facts of industrial life, and the principles underlying industrial policy, nothing anywhere published is comparable to it.

In appearance, compared with the Report of the British Labor Party, or the Memorandum of

[1] Report on Reconstruction by the Sub-committee of the British Labor Party, 1918. (Reprinted in *The New Republic*, New York, February 16, 1918.)

[2] *Memorandum on the Industrial Situation After the War.* The Garton Foundation. Harrison & Sons, London, 1916.

the Garton Foundation, the Whitley Report lacks impressiveness. It is all contained in a few pages of a Government *White Paper*. It is so simple, so brief, one might wonder how it escaped oblivion in the presence of the momentous issues amid which its appearance was made. To a single outstanding feature it owes its distinction. It applies to the whole of Industry the principle of Representative Government.

England has long been known as the Mother of Parliaments. The peculiar genius of the British peoples and of their kith and kin has lain in their ability to lead the world in the development of free institutions. This has been achieved by putting forth one idea at a time, but linking it on to all that has preceded. Enlarging the conception underlying Industry to one of public service, and extending to Industry, under public authority, the principle of representative government, a principle inseparable from British liberty, is as mighty a stroke of genius as the War has produced.

Great changes are being wrought in human society; political and industrial transformations well-nigh beyond comprehension are being effected. Reverses may follow successes, and successes reverses in the fortunes of war; but, come what may, this thing at least has been accomplished within Industry and the State. At a single bound, Freedom has leaped forward in a manner hitherto un-

paralleled. *Industrial Service* has become the moral equivalent of *Military Service.*

Once industrial service is recognized as being also in the nature of national service, it will never brook repression as the basis of future government in Industry. Representation on the basis of industrial service will assert its inseparable union with all of Freedom that has gone before, or is yet to come. Representation, founded upon service in Industry and regarded as inseparable from service to the State, will endure storm and conflict; vanquished it will never be. In the end it will conquer everywhere throughout Industry and the State.

What, then, are the concrete proposals of the Whitley Report? Perhaps they may best be told in the words of the Report itself. Briefly, they are that for each industry there should be constituted Joint Industrial Councils, composed of representatives of employers and employed, organized on a threefold basis. The interim Report says: —

"In the interests of the community it is vital that after the War the co-operation of all classes established during the War, should continue, and more especially with regard to the relations between employers and employed. For securing improvement in the latter, it is essential that any proposals put forward should offer to work-people the means of attaining improved conditions of employ-

ment and a higher standard of comfort generally, and involve the enlistment of their active and continuous co-operation in the promotion of industry. To this end, the establishment for each industry of an organization, representative of employers and work-people, to have as its object the regular consideration of matters affecting the progress and well-being of the trade from the point of view of all those engaged in it, so far as this is consistent with the general interest of the community, appears to be necessary. With a view to providing means for carrying out the policy outlined above, we recommend that His Majesty's Government should propose without delay to the various associations of employers and employed the formation of Joint Standing Industrial Councils in the several industries, where they do not already exist, composed of representatives of employers and employed, regard being had to the various sections of the industry and the various classes of Labor engaged."

It is suggested that in the well-organized industries, one of the first questions to be considered should be the establishment of local and works organizations to supplement and make more effective the work of the central bodies. To enlist the activity and support of employers and employed in the districts, and in individual establishments, is regarded as equally necessary to securing co-operation at the centre between the national organizations. The National Industrial Council is not therefore to be regarded as complete in itself; what

is proposed is a triple organization — in the workshops, the districts, and nationally. Organization at each of these three stages is to proceed on a common principle, and the greatest measure of common action between them is to be secured. District Councils, representative of the Trades Unions and of the Employers' Associations in the industry, are to be created, or developed out of existing machinery, for negotiation in the various trades. Works Committees, representative of the management and of the workers employed, are to be instituted in particular works to act in close co-operation with the District and National Councils. The design for these Committees is to be a matter of agreement between the Trades Unions and Employers' Associations concerned.

The Report does not attempt to define the respective functions of Works Committees, District Councils, and National Councils, but concedes that they will require to be determined separately in accordance with the varying conditions of the different trades. It is pointed out that care needs to be taken in each case to delimit accurately their respective functions to avoid overlapping and friction. In the case of all three — the National Councils, the District Councils, and the Works Committees — stress is laid upon the necessity of regular meetings and continuity of co-operation.[1]

[1] Among the questions which it is suggested the National Councils

The policy recommended in the Whitley Report is based upon organization on the part of both employers and employed. Indeed, the extent to which organization in England has gone has not only suggested, but has rendered imperative, the working

should deal with or allocate to District Councils or Works Committees, the following are selected for special mention:

(i) The better utilisation of the practical knowledge and experience of the work-people.

(ii) Means for securing to the work-people a greater share in and responsibility for the determination and observance of the conditions under which their work is carried on.

(iii) The settlement of the general principles governing the conditions of employment, including the methods of fixing, paying, and readjusting wages, having regard to the need for securing to the work-people a share in the increased prosperity of the industry.

(iv) The establishment of regular methods of negotiation for issues arising between employers and work-people, with a view both to the prevention of differences, and to their better adjustment when they appear.

(v) Means of ensuring to the work-people the greatest possible security of earnings and employment, without undue restriction upon change of occupation or employer.

(vi) Methods of fixing and adjusting earnings, piecework prices, &c., and of dealing with the many difficulties which arise with regard to the method and amount of payment apart from the fixing of general standard rates, which are already covered by paragraph (iii).

(vii) Technical education and training.

(viii) Industrial research and the full utilisation of its results.

(ix) The provision of facilities for the full consideration and utilisation of inventions and improvement designed by work-people, and for the adequate safeguarding of the rights of the designers of such improvements.

(x) Improvements of processes, machinery, and organization and appropriate questions relating to management and the examination of industrial experiments, with special reference to co-operation in carrying new ideas into effect and full consideration of the work-people's point of view in relation to them.

(xi) Proposed legislation affecting the industry.

out of some plan which would accept conditions, and the inevitable trend, as they are, and change the Battle Array of competitive organization into something in the nature of Partnership. It has at last been seen that national order and security alike demand that the government of Industry be so framed that work-people, of right, and not because of their possible resort to threatened or actual force, shall have opportunity of participating in the discussion about and adjustment of those parts of Industry by which they are most affected.

Not only does the plan presuppose organization; it follows in structure existing organization amongst associations of employers and the trades unions. That is where the British genius in matters of Government comes in. New structures are reared upon old foundations. Existing institutions are accepted as they are and adapted to meet the requirements of the age, and the changing spirit of the times. In the United Kingdom, the trades unions have their local, district, and national organizations, and their federations; the employers are similarly organized. What the Whitley Plan does is to take both the organizations of Labor and the organizations of Capital and unite them by the bond of a common interest in a common venture. It changes at a single stroke the attitude of these powerful aggregations of class-interest from

one of militancy into one of social service. It establishes a new relation in Industry.[1]

Under the Whitley scheme, there thus extends over the enterprises of each industry, taken collectively, a National Industrial Council representative of the Trades Unions and of the Employers' Associations in the industry. At the broad base of the structure, and within the several enterprises, are Works Committees representative of the Management and of the workers employed. The District Councils are an intermediary link. Two fundamental aims underlie this arrangement: the one related to the equal enforcement of standards throughout the industry; the other to securing co-operation by granting to work-people a greater

[1] Obviously, organization is necessary to such an end. Where organization is incomplete it is proposed that organization should be extended. Here, again, the scheme takes account of conditions as they are. It divides the industries of the country into three groups: group A, consisting of industries in which organization on the part of employers and employed is sufficiently developed to render their respective associations representative of the great majority of those engaged in the industry; group B, comprising those industries in which, as regards either employers or employed, or both, the degree of organization, though considerable, is less marked than in group A; and group C, consisting of industries in which organization is so imperfect, as regards either employers or employed, or both, that no associations can be said adequately to represent those engaged in groups B and C.

It is proposed, as respects industries in group B, that the triple organization of national, district, and workshop bodies should be modified by attaching to each National Industrial Council one, or at most two, representatives of the Ministry of Labor, to act in an advisory capacity. For group C, something in the nature of special or additional machinery is proposed.

share in the consideration of matters affecting their employment. Both are to be achieved by adhering to the principle of keeping employers and workpeople in constant touch.

With that degree of rare caution which Englishmen exhibit in viewing whatever threatens to become an encroachment upon their liberties, the framers of the Whitley Report say: "It appears to us that it may be desirable at some later stage for the State to give the sanction of law to agreements made by the Councils, but the initiative in this direction should come from the Councils themselves." "It is desirable," they say, "that the general body of employers and employed in any industry should have some means whereby they may bring the whole of the trade up to the standard of minimum conditions which have been agreed upon by a substantial majority of the industry." The Joint Industrial Councils provide the machinery whereby, under voluntary agreement, worthy standards are to be determined.

To ensure the enforcement of standards, it is not enough that agreements be reached and ratified by the State. Voluntary co-operation of all parties is essential. Hence it is represented by the Whitley Committee that, in order to secure the co-operation of Labor, it is necessary to grant to Labor a larger opportunity of participating in the discussion about and adjustment of those parts of Industry by which

it is most affected, and amid which its life service is carried on. This, the Committee asserts, is equally necessary as a means of promoting industrial harmony and efficiency and the maintenance of just relations between employer and employed. It is in this connection that "Works Committees" are of such importance.

The function of Works Committees, in their relation to the District and National Councils, is set forth in a paragraph of the Supplementary Report on Works Committees, referred to above. It may be quoted in full to advantage. Section 2 says:

"Better relations between employers and their work-people can best be arrived at by granting to the latter a greater share in the consideration of matters with which they are concerned. In every industry there are certain questions, such as rates of wages and hours of work, which should be settled by District or National agreement, and with any matters so settled no Works Committee should be allowed to interfere; but there are also many questions closely affecting daily life and comfort in, and the success of, the business, and affecting in no small degree efficiency of working, which are peculiar to the individual workshop or factory. The purpose of a Works Committee is to establish and maintain a system of co-operation in all these workshop matters."

The report does not suggest any definite form of Constitution for the Works Committees, observing

very wisely that it is best to reserve to representative bodies of employers and employed in each industry the maximum degree of freedom to settle this for themselves, with regard in each case to the particular circumstances of the trade and attendant conditions. What the report seeks to emphasize is the importance of Works Committees as a means of enlisting the interest of the workers in the success both of the industry to which they are attached, and of the workshop or factory or mine where so much of their life is spent. The report suggests regular meetings at fixed times, as a general rule not less frequently than once a fortnight. As concerns the Works Committees, it is urged that the idea of constructive operation in the improvement of the industry to which they belong should be kept to the forefront; that suggestions of all kinds tending to improvement should be frankly welcomed and freely discussed; and that practical proposals should be examined from all points of view. "Problems old and new," says the report, "will find their solution in a frank partnership of knowledge, experience and good-will."[1]

[1] The report prepared by the Ministry of Labor on the experience available with reference to Works Committees is a valuable treatise on the objects, functions, methods of procedure, and constitutions which have been tried in actual practice. It points out that, while committees representative of all the work-people in an establishment existed before the War in various industries, in certain industries, notably engineering, the conditions of war have produced such a change in both the form and function of workshop organization, that the

Once the significance of all this is grasped, a whole cloud-bank of mystifying doubt concerning the solution of the problems of Industry lifts, and a flood of light is let in upon dark places and baffling situations. Through a regard for *the world aspect* and *the human aspect* of industrial problems, a way is at last discerned whereby order may be brought out of confusion.

To render impossible the undermining of industrial standards by unscrupulous competitors; to prevent the base from driving out the pure, the low from dragging down the high; to circumvent the *Law of Competing Standards*, constitutes, as we have seen, the problem of problems in Industry. Its solution is nowhere to be found, save in making equal standards prevail over entire competitive areas. In two ways only can this be effected: by *Force*, or by *Consent;* by compulsion, at the instance of the State, or by voluntary agreement between the parties concerned. Compulsion means more and more of authority, more and more of interference with Industry by the State, and involves inevitable dissatisfaction, inadequate performance, and vast expense. Voluntary agreement, on the other hand, means increase of good-will, self-direction, and control, and a minimum of expense. The framers of the Whitley proposals believe that,

discussion of the general idea of Works Committees may be said to have developed out of these conditions.

having received the sanction of a majority in an industry on both sides, standards can readily be made binding upon all in the industry, and cannot be rendered incapable of general enforcement through the action of deficient or unscrupulous minorities. Here is faith in Government based on Opinion; here also are foundations of the broadest kind for the development of Self-Government in Industry.

III

It is impossible to read the Whitley Report without being impressed by the similarity of the ideas of its recommendations and those underlying the Plan of Industrial Representation in Colorado. What the latter attempts for a single industrial enterprise, the former regards as essential for Industry as a whole. They are alike in providing a Constitution for Industry; in effecting organization that collective bargaining may ensue; in emphasizing the importance of joint agreement between Capital and Labor on terms and conditions of employment; in bringing about a community of interest and common action through the representation of the parties on Joint Standing Committees whereby Management and employees are kept in constant touch; and in their recognition of the State's function both as a partner in Industry and as the guardian of Community well-being. They

are alike based on the theory that the day of autocratic control of Industry by any one of its partners is past, and that the place of single control must more and more be taken by joint control on the part of all. In both the Whitley proposals and the Colorado Plan, the principle of the Open Door between Management and Labor, the principle of Representation, and the principle of Round Table Conference, are made to pave the way for a genuine Industrial Partnership. Both seek the introduction of Representative Government into Industry.

It may add to such interest as attaches to similarity in these developments, separated by over two years in time, and by vast distance in space, to have it known that the one was in no way connected with the other. The Whitley Report owed its inspiration to sources which were wholly independent. In a sense, both owe their origin to ideas that were "in the air." Both alike are certainly indebted to past developments in the Trade-union movement.[1]

While Works Committees, in the nature of joint committees representative of Management and La-

[1] The Memorandum of the Garton Foundation was issued in October, 1916. It had been privately circulated among employers, representatives of Labor, and public men of all parties, between the months of May and September of that year. It was published as revised in the light of criticisms and suggestions received. In many particulars the recommendations of the Whitley Committee and suggestions contained in the Garton Foundation Memorandum bear evidence of a common inspiration.

bor, have come into existence and prominence in Britain chiefly since the beginning of the War, and have commenced to find a place in industries in America, the Works Committee, on the whole, springs from the common methods of Trade-union organization inside the workshop. The Unions have set the example; they have forced the pace. The long and persistent struggle of Labor to effect and develop organization, a struggle extending in England over a century, and in America for a period briefer only by a generation, has made the substance and the structure of Trade-unionism in the Old World and in the New what they are to-day. It is that structure in its entirety which the Whitley Report proposes the State should frankly recognize and continue to build upon; that, and the structure of Organized Management and Organized Capital, reared in large part to oppose it.

Were militancy to remain the distinguishing characteristic of these hitherto opposing forces, the program outlined in the Whitley Report would be a hazardous experiment indeed! But with partnership, or the promise of partnership, substituted for class interest, in the relationship of Capital and Labor, the *raison d'être* of militancy is gone. A new and wholly different motive on the part of all the parties to Industry appears; and with it, a new attitude.

There are but two positions possible in the rela-

tion of straight lines to each other. They may be parallel to each other, or they may point toward each other. Where they point toward each other, they will, if projected in one direction, sooner or later intersect; if projected in the opposite direction, they will become farther and farther apart. Where parallel, their position continues indefinitely in an harmonious relationship. It is precisely the same with the vast numbers of human beings who go to make up the ranks of Capital and Labor. Attitude in human relations corresponds to position in material relations. Labor and Capital may assume an attitude which means either that they will ultimately clash, or that they will grow farther and farther apart. In such a case, they can render full measure of service neither to Industry nor to the State. The only enduring attitude is one which makes possible continuous co-operation; a parallel outlook inspired by Faith, not an outlook distorted by Fear. Such an attitude is necessarily founded upon recognition of mutual rights and reciprocal obligations.

To bri g every one into line, organization is necessary. It is for this reason the Whitley Committee emphasize again and again that the policy they recommend is based upon organization on the part of both employers and employed; and have even gone the length of framing machinery whereby in unorganized sections a large measure of Govern-

ment assistance can be made available to encourage organization.[1]

It is impossible to exaggerate the service that may be rendered by Works Committees and Joint Standing Councils in the adjustments which reconstruction will render necessary. Indeed, it is difficult to imagine how reconstruction in Industry is to proceed at all without some organization which will afford a basis for continuous consultation and co-operation between the parties to Industry as

[1] In a paragraph which they repeat, the Whitley Committee say it is their considered opinion "that an essential condition of securing a permanent improvement in the relations between employers and employed is that there should be adequate organization on the part of both employers and work-people. The proposals outlined for joint co-operation throughout the several industries depend for their ultimate success upon there being such organization on both sides; and such organization is necessary also to provide means whereby the arrangements and agreements made for the industry may be effectively carried out." Elsewhere the Committee say: "We think it important to state that the success of the Works Committees would be very seriously interfered with if the idea existed that such committees were used, or likely to be used, by employers in opposition to Trade Unionism." Obviously, having regard to the well-being of Industry as a whole, opposition of the kind would be both harmful and stupid.

It has been represented that the Industrial Representation Plan of the Colorado Fuel and Iron Company was aimed against trades unions. Such a contention has surely been made in ignorance of a section of the Plan which specifically states that "there shall be no discrimination on account of membership or non-membership in labor or other organizations," and without knowledge of the fact that ever since its inception, in both the mining camps and the steel works of the Company, many of the workmen's representatives have been members of trades unions, and some of them officeholders in those organizations.

respects all sections, grades, and interests, in individual enterprises, in associated industries, and in Industry as a whole. The Government of Great Britain has announced that its adoption of the Whitley Report is an invitation to the industries of the country to organize themselves in the way it suggests for their own benefit and the benefit of the community.

To regularize the relations between employers and employed is the great need. It cannot be met without bringing employers and work-people together. *Joint* Councils effect this. *Standing* Councils ensure regular meetings for discussion of matters of common interest. *Industrial* Councils throw into relief the questions that concern each industry as a whole, foster a common feeling for the industry, and help all parties to realize the social importance of the industry as distinct from their private interest.[1] Regular meetings to discuss matters of common interest are calculated to produce an atmosphere in which disputes, when they arise, can be settled by an *appeal to reason.* The subjects from which disputes arise come up for discussion before feeling is excited. Mutual misunderstanding and unnecessary suspicion are reduced to a minimum. Fear is replaced by Faith.

There is another urgent need which joint bodies

[1] *Vide* circular Ministry of Labor *re* Industrial Councils, H. Q. 7 B., 1918.

of the kind serve. In meeting this need they give to the workers in their respective industries a status not hitherto enjoyed. As mentioned repeatedly in these pages, there is a large body of problems which belong both to Industry and to Politics. "They belong to politics because the community is responsible for their solution and the State must act if no other provision is made; they belong to Industry, because they can be solved only by the knowledge and experience of the people actually engaged in Industry." Such problems are the regularization of employment, industrial training, utilization of inventions, industrial research, the improvement of design and quality, legislation affecting workshop conditions — all of them questions which have hitherto been left in the main to employers, but which in reality constitute an important common interest on the basis of which all engaged in an industry can meet. The termination of the War will bring with it a mass of new problems of this nature: for example, demobilization, the training of apprentices whose training was interrupted by military service, the settlement in Industry of partially disabled men, and in general the reconversion of Industry to purposes of peace. It is urgently necessary that on all these questions Governments should be able to obtain without delay the experience and views of the people actually in Industry. Recognizing this, the British Govern-

ment has wisely decided to treat Industrial Councils as Standing Consultative Committees to the Government and the normal channel through which it will seek the experience and advice of industries.

Not only will these industrial parliaments outline general policy over a wide field of action; they will be able to give public utterance to the views and needs of each industry, in its relation to the whole national life. In the words of the Memorandum of the Garton Foundation, "They will take account not only of economic but of moral and æsthetic values. Their object will be not merely to increase the productive efficiency of the industry and to reconcile the competing interests of those engaged in it, but to emphasize the worth and dignity of industrial life, and to enlarge the scope offered by it to the energies and ambitions of those concerned. It will be a part of their task to emphasize the close connection between industrial questions and those relating to education and social conditions."[1]

Could there be more definite recognition of the four parties to Industry: Capital, Management, Labor, and the Community; or a safer beginning in democratic joint-control? Where problems can be handled by each industry for itself, through an organization representative of all sections and in-

[1] Garton Foundation Memorandum, par. 175.

terests within it, a large amount of "Government interference," which at present is unavoidable, will be made unnecessary, and for it will be substituted a real measure of "self-government" in Industry. Thus, in the midst of war, is parliamentary government finding its beginnings in Industry! In accordance with principles underlying judicial and parliamentary procedure, the new Industrial Revolution is to work its way. The methods and weapons will be those of argument and debate, of reason and consent, not those of Force and its attendant evils.

While the aim of the Plan of Industrial Representation in Colorado and that of the scheme outlined in the Whitley Report are the same, there is a difference in the place of beginning. The Whitley scheme begins at the top with Joint Industrial Councils, and works down. The Colorado Plan, as it stands, does not extend much beyond the stage of "the Works Committees" outlined in the Whitley scheme. Of these bodies, however, the Whitley Committee say: "We look upon successful Works Committees as the broad base of the industrial structure which we have recommended."

The Colorado Plan was framed with a view of exhibiting a structure and method of industrial government, based on the idea of representation; one which would be readily adaptable to other industrial enterprises, and which, in the course of a

natural evolution, might be expected to extend to industries generally and to Industry as a whole.

The best place of beginning and the extent to which it may be possible to work through Trades Unions and Employers' Associations are necessarily a matter of the stage of development in organization of Capital and of Labor; and of the character of organization and its growth. Perhaps it is the part of wisdom to suggest that, as concerns industrial government, there is a difference between what is possible under organization as it exists among workmen of like origin, schooled in traditions and methods of Trade-Unionism as found in long established industries and trades, and what is possible under the kind of organization sometimes found in recently established industries among workmen of diversified nationalities, many of whom come from countries which have yet to learn the meaning of political freedom, and who themselves are unable to carry on conversation in a common tongue.

Whether in the long run greater progress in the introduction of representative government into Industry will be made by seeking a beginning, as in England it is proposed, with National Joint Councils and extending down to "Works Committees," than by beginning at the base of the structure and establishing, as in the Colorado Fuel and Iron Company, carefully devised "Works Committees" and working up to an organization which will have re-

gard for Industry as a whole, will depend, in part, on the industry concerned, and on the number and nearness of relationship of competing enterprises; and, in part, on the degree of self-government of which members of organizations prove themselves capable. Where existing organization of Capital and Labor will permit, there is every reason why reconstruction should begin at the top, and work down. The more extensive organization is, the greater the possibility of unpropitious developments if the attitude of opposing organizations is not changed from one of militancy into one of effective co-operation in the creation and maintenance of right standards. Where organization is nonexistent, or is of questionable character, the beginning in individual enterprises had better be made with "Works Committees." It must always be remembered that the success of any policy of the kind will depend upon the elasticity with which it can be adapted to existing conditions, and to practical needs and opportunities as they reveal themselves.

The place of beginning on either continent, in any industry, is wholly secondary in importance to the fact that on both continents, and in all kinds of enterprises, the principle of representation is being accepted as the basis of Government in Industry. This must ultimately serve, not only to unite industrial with political development, but to

make possible a union of industries between competing nations on lines which will advance efficiency in production, and at the same time ensure an ever-expanding measure of international good-will. Surely, the significance of this cannot be made too apparent! A principle which, widely enough applied, should end industrial unrest and also international strife is certainly deserving of all the recognition it can receive; and its application is worthy of the best endeavor of two continents.

It is probable that the structure of industrial government will assume its true proportions sooner in England than in America. England is the older and much the smaller country. Some of its institutions are more fully developed. It has not, to distract it, many of the problems inherent in a population which is widely scattered, and which an American author has described as constituting "a mosaic of races and tongues." Moreover, in England, more than in America, the parties to Industry are likely to look to themselves rather than to Government. The vast State Control the War has induced is shaping the temper of the English mind for a reaction against excessive State Control when the War is over. To meet this reaction, to save the nation from its ill-effects, the policy of leaving to the parties in interest the management of their own affairs, subject always to the in-

herent over-control of the State, has come none too soon. Joint Standing Industrial Councils and Works Committees should prove the place of reconciliation for conflicting interests.[1]

In America, it will not be so easy to meet the adverse effects of the operation of the Law of Competing Standards by mutual aid, voluntarily entered upon by the parties to Industry. A measure of State control will be required to effect general recognition of the significance of "Works Committees." It would seem that the Government of the United States was fully aware of this. Already, the National War Labor Board[2] has intimated that it will lend its good offices to assist industrial corporations in the formation of committees representative

[1] It would be inappropriate to conclude reference to the scheme of Joint Standing Industrial Councils contained in the Whitley Report without notice of a *Memorandum on Industrial Self-Government* presented by Mr. Malcolm Sparkes in January, 1917, to the Reconstruction Committee. Mr. Sparkes's Memorandum contains a draft scheme for a Builders' National Industrial Parliament, and recommends the formation of Joint Industrial Parliaments comprised of representatives of employers and employed for each of the great staple industries. The inception of the scheme was entirely due to Mr. Sparkes, who for many years was himself an employer in the Building Trades. The formulation and organization of the scheme was done under the auspices of the Garton Foundation. In the case of the Building Trades, the scheme was first accepted by the workmen and formally proposed by them to the employers for acceptance. Subsequently, the scheme was accepted by the employers at a joint conference of the Associated Trades Unions and the Employers' Federation, and the organization of a Joint Standing National Building Trades Parliament has since gone forward.

[2] *Vide* reference to National War Labor Board, chap. VII. *Principles Underlying Peace.*

of management and employees. Where such Committees exist, and develop means for adjusting controversies as they arise, the Board's policy is to refuse to take cognizance of controversies between employers and workers until the means of settlement provided have been invoked. In this manner emphasis is given to the desirability of joint agreement by the parties themselves.

The principles and policies laid down by the National War Labor Board to govern relations between workers and employers in War industries for the duration of the War, and to be observed by the Board itself in the exercise of its powers and functions, are intended to assist the Government in meeting problems to which competing standards in Industry give rise, and to further the universal enforcement of standards. The principles include definite pronouncement upon such fruitful sources of friction as the right to organize, the right to bargain collectively through chosen representatives, the right to a living wage, the establishment of minimum rates of pay, equal pay for equal work by women, the consideration of welfare, health, and proper comfort in the fixation of hours of labor, and the maintenance of a maximum production. In this manner the enforcement of standards is being brought about through the machinery of Government, under methods which, in the absence of established practices in individual enterprises,

leave little in the way of option to any of the parties.

The formation of Works Committees, and of District and National Joint Standing Industrial Councils, is proceeding steadily in the United Kingdom under the ægis of the Ministry of Labor. There is reason to believe that in the not distant future joint councils will form a dominant feature of British industrial polity. The movement is not without its critics among both employers and labor leaders, and it encounters of necessity the opposition of upholders of militancy in industrial affairs and the advocates of class hatreds. It will reveal shortcomings, make mistakes, experience setbacks and failures; and it is probable that some time must elapse before its benefits will be appreciated. "The change of attitude involved is too vital, the field of activity is too large, to hope for any but gradual development." But the scheme has in it the germ of all that has made for freedom in political evolution; and it has to promote it the genius for self-government which the British peoples have evolved through centuries of struggle. It is therefore destined to win its way. Meanwhile, it will remain the surest method of approach to the solution of the problems of Industry which wide knowledge of actual conditions, combined with many-sided opinion, has thus far evolved.[1]

[1] A further word on the Colorado Plan may be permissible. Stand-

IV

Education has been far too generally restricted to mean a schooling in a few elementary subjects essential to the gaining of a livelihood. It has been commended because commercially profitable. Too often, so-called higher education has meant only the knowledge which will command higher rates of remuneration. The emphasis has been upon material considerations, rather than upon life as spiritually interpreted. Education ought to be valued chiefly as enabling human beings to realize their highest capacities, and to serve and conserve, rather than to dominate and destroy. Education requires to be so fashioned as to be of practical

ing by itself, this scheme of representation, this attempt at co-operation between Management and Labor, may have seemed to some an isolated and passing experiment. The support of such high authority as that cited seems to light it up with a certain dramatic reality, and to give to its structure and underlying principles new significance in their bearing upon the future of American industrial relations. Already the essential features of the Plan are being adopted by other important industries.

The reader is referred to the Appendix for a diagram illustrative of the Colorado Plan. A perusal of the Plan will show with what ease its general structure could be made applicable to any number of industrial enterprises in a single industry, or to industries as a whole. The substitution of representatives of Employers' Associations and of Trades Unions for the representation of the management and employees respectively as described in the Plan, would give for industries as a whole precisely what the Whitley Report suggests as the kind of structure necessary in the organization of District and National Joint Standing Councils; or what would appear as the necessary structure of National Industrial Parliaments, as proposed by Mr. Malcolm Sparkes.

advantage in manhood and citizenship. It should teach men and women how to live completely, how to recognize and observe duties as well as rights. It should inspire the community sense and teach the art of co-operation.

The Community point of view is gradually coming to the fore. The popular conception of Education is enlarging so as to include a knowledge of matters pertaining to health, such as physical and mental hygiene, sanitation, housing and recreation, and a training for vocations and trades. The interrelation of health and efficiency is becoming more apparent. It is seen that the physically and mentally sound not only have chances in the competitive arena that their weaker brethren never have, but that they also have a keener enjoyment of life. The skilled mechanic, the specially trained individual, possesses the technical equipment which ensures larger rewards for work done; he has also the knowledge which adds to the capacity for enjoyment in the discharge of duties. It was this broad conception of Education Lord Haldane had in mind when he urged that Education was "the foundation of all industrial reconstruction, of all social reform, and of all democracy."

As the recognized basis of industrial efficiency and social well-being, Education in matters pertaining to health and vocation bids fair to become an integral part of conventionally accepted Educa-

tion, and voluntary effort to be more and more supplemented by community regulation and control. Just as Education in its more common aspects was found to be insufficient when left to voluntary effort, so, too, Education as respects social hygiene, sanitation, preventable diseases, industrial and vocational training and the like, will come more and more to be regarded as a matter of community obligation arising from community need. Industrial progress and community well-being are alike dependent upon "the application of a trained intelligence to the practical affairs of life."

With the growth of democracy, there is need of Education to teach the right use of power. With the growth of communities, handicapped by problems of poverty and intemperance, and continually menaced by contagion and infection, there is equal need to teach the rudiments of health. In political democracies, it is essential to guard against illiteracy, and to secure to every child a minimum of education. In industrial democracies, under conditions where specialization in Industry and dependence of workers upon machinery create problems of unemployment, there is like necessity to train the hand and mind for specific vocations.

To each individual there belongs some share of responsibility for conditions as they are, a responsibility in direct proportion to individual influence. Especially is there a duty upon all who have to do

with Government, Education, and the moulding of Opinion, to see that right ideas are made to prevail. In matters of Government, this responsibility is shared by the elector, the representative, and the administrator, and applies to all that pertains to the franchise, the form and method of government, and public policies. In matters of Education, responsibility is not restricted to those who determine national systems of education or who instruct in universities and schools; it extends to the home and the ethical standards exemplified in family life. In the shaping of Opinion, the journalist, the author, the public speaker, indeed whoever possesses capacity to think and ability to express his thoughts, has a duty to assist in the spread of ideas which may inspire a right attitude in Industry and improve the conditions under which men and women earn their daily bread.

There is a special responsibility upon consumers, as members of the Community, to see that fair and just standards are maintained in Industry. Consumers need to be educated to this responsibility. Purchasing power is not a power limited to obtaining commodities; it is power which extends to controlling conditions under which commodities are produced and services rendered. The utilization of the power of the consumer to affect sanitary and other working conditions is the most effective of all instrumentalities for enforcing standards

throughout an industry. Capital, Management, and Labor are helpless to ensure equality of minimum standards without the aid of the Community. Where consumers extend their patronage to unscrupulous competitors, a handicap is immediately placed upon those who are interested in preserving peace in Industry and securing the welfare of working people. Consumers' Leagues have already demonstrated the service which voluntary effort may render in obtaining a guarantee of the conditions under which articles are produced. It would appear that in no other way could the Community, as a partner in Industry, exert its control so effectively as by extending the principle of certification to the adoption of some device which would serve as a public guarantee of adequate labor standards. Such an extension would be a protection not less of the Community itself than of Labor.[1]

If undermining influences occasioned by neglect and misfortune, whether of character or of calling, are to be counteracted, Education, in the broadest acceptation of the term — physical, mental, and moral — cannot be too widely diffused. Moreover, if men and women are to live together as citizens of enlightened communities, they must have intelligent and varied interests. Because men and women are human beings and not machines, they require

[1] *Vide* Cohen, *Law and Order in Industry*, chapter xx, "The White Protocol Label."

leisure; and require Education to teach them the right use of leisure. There must be free hours, and the scope of enjoyment of free hours should be widened by stimulating interest in new fields. To create standards of character, not less than Labor standards, and to have them also adopted in ever-widening circles, is essential to democracy. This may demand, in a material and commercial age, the entire reconstruction of many an educational programme. It will certainly require that men and women, however humble or impoverished, be regarded as beings capable of exalted sentiments and noble delights, and not as mere means to the ends of others in a struggle for industrial supremacy.

Education in health and character is the best insurance against the hazards of industrial life, and the surest guarantee of its rewards. It begins with the relations between parent and child. It implies education in the home, as well as by the State; and means training with respect to habits as well as with regard to occupations. Character is the determining factor in all things. An inner sustaining motive is more necessary than external support if, across the reaches of Time, the spirit of workers in Industry is not to flag. A pure faith, such as seems to have fled the world, is the final element of a firm endurance through years of arduous and sustained toil.

Education should enable us to go on to new points of insight into other lives, and into the depths of our own lives. It should beget sympathy with all human life, and afford glimpses of "the vast world of inner life beyond us, so different from that of outer seeming." Above all, it should teach us our duty to our neighbor, and to know him as a part of ourselves. To lighten our darkness is the end of all Education.

William James has given us the underlying cause of industrial and international unrest.[1] Let him disclose something of the sympathy whereby our *human blindness* is to be removed. We shall need our vision of the heroic in days of reconstruction. His words may help to unite in a true perspective the sacrifices of the soldiers in the field and the patient service of all who toil:

"Not in clanging fights and desperate marches only is heroism to be looked for, but on every railway bridge and fire-proof building that is going up to-day. On freight-trains, on the decks of vessels, in cattle-yards and mines, on lumber-rafts, among the firemen and the policemen, the demand for courage is incessant; and the supply never fails. There, every day of the year somewhere, is human nature *in extremis* for you. And wherever a scythe, an axe, a pick, or a shovel is wielded, you have it sweating and aching and with its powers of patient endurance racked to the utmost under the length of hours of the strain.

[1] *Vide* chapter I, Industrial and International Unrest.

"As I awoke to all this unidealized heroic life around me, the scales seemed to fall from my eyes; and a wave of sympathy greater than anything I had ever before felt with the common life of common men began to fill my soul. It began to seem as if virtue with horny hands and dirty skin were the only virtue genuine and vital enough to take account of. Every other virtue poses; none is absolutely unconscious and simple, and unexpectant of decoration or recognition, like this. These are our soldiers, thought I, these our sustainers, these the very parents of our life. . . .

"In God's eyes the differences of social position, of intellect, of culture, of cleanliness, of dress, which different men exhibit, and all the other rarities and exceptions on which they so fantastically pin their pride, must be so small as practically quite to vanish; and all that should remain is the common fact that here we are, a countless multitude of vessels of life, each of us pent in to peculiar difficulties, with which we must severally struggle by using whatever of fortitude and goodness we can summon up. The exercise of the courage, patience, and kindness, must be the significant portion of the whole business; and the distinctions of position can only be a manner of diversifying the phenomenal surface upon which these underground virtues may manifest their effects. At this rate, the deepest human life is everywhere, is eternal. And, if any human attributes exist only in particular individuals, they must belong to the mere trapping and decoration of the surface-show.

"Thus are men's lives levelled up as well as levelled down, — levelled up in their common inner meaning, levelled down in their outer gloriousness and show." [1]

[1] *Talks to Teachers*, etc., pp. 274–78.

In ways undreamed of, individuals and institutions may play their part in the solution of industrial and international problems. For example, if women and if the Church could but realize and be true to their special opportunities of service to the world, the vast problems of Industry and of the State would soon be solved. Except to shield them, men have no desire to circumscribe their activities. Men understand the fields of sacred influence which are peculiarly theirs, and, amid the strife of the world, look for sustained inspiration to a devout womanhood and a consecrated Church. It is from the reverence for life which men get from their mothers, and from the faith which a religion pure and undefiled imparts, that there comes the spirit of mutual aid through which the material interests of the world make way for the nobler aspirations of the soul. "The main reason," says Dr. Eliot, "that Christian society is slowly proving stronger than any other is that the fundamental doctrines of Jesus were love to God and the neighbor, and the brotherhood of man." "It is time," he adds, "to apply these doctrines thoroughly to modern industrial relations. That is the sure road to industrial peace and order in democracies.[1]

The teachings of Jesus bring us into direct opposition to the doctrine of Force. What He left the

[1] *Boston Sunday Herald*, July 21, 1918.

world of His method of the settlement of controversy and removal of injustice, is simply told in three consecutive sentences as recorded in the eighteenth chapter of the Gospel according to Matthew:

v. 15: "If thy brother shall trespass against thee, go and tell him his fault between thee and him alone: if he hear thee, thou hast gained thy brother."

That is the method of Conciliation and Mediation.

v. 16: "But if he will not hear thee, then take with thee one or two more, that in the mouth of two or three witnesses every word may be established."

That is the method of Investigation and Arbitration.

v. 17: "And if he shall neglect to hear them, tell it unto the Church: but if he neglect to hear the Church, let him be unto thee as an heathen man and a publican."

That is the method of reliance upon an informed Public Opinion, and upon the power of the Community to ostracize where a wrong is done its sense of justice.

These words lose none of their significance by the sentence which precedes them:

v. 14: "Even so it is not the will of your Father which is in heaven, that one of these little ones should perish."

Force or Consent: these are the alternative sanctions in all matters pertaining to Law and Government. The democracies of the world have chosen government by Consent. Prussianism, when it invaded Belgium and set out to conquer the world, staked its all on Force. That is why the upholders of these opposing doctrines are locked in mortal combat, and why the champions of Force must be overborne, if the world, as has been said, is to be made safe for Democracy. There can be no genuine democracy where the doctrine of Force prevails; neither can there be a Christian civilization.

V

The War has revealed the hideousness of Force and the anguish its use may bring to an entire world. Are the fundamental lessons of the War to be taken to heart, or, as respects the problems of Industry, is the sacrifice of the world's young life to have been in vain? Are the false and cruel methods which have occasioned war to be repeated in an endless series of intermittent conflicts between Capital and Labor? Let there be no mistake. The method of the strike and the lockout is not distinguishable from the method of Force. Both are demonstrations of Might. Violence, in one form or another, by one party or the other, is in most instances an inevitable accompaniment. All indus-

trial strife is a form of anarchy. It is a method no longer required in countries whose governments have made adequate provision for the investigation of injustice in Industry; at least, until the method of investigation has been tried and fails to reveal its merits.

Investigation gives to the worker, where his claims are just, a better chance of redress than striking affords. Investigation leads to a study of conditions which are fundamental. The effort to conquer by force diverts attention to other considerations, such as the relative strength of the parties and the chances of success or failure in conflict. Striking weakens the worker's economic position by depriving him of wages and reducing him daily nearer a minimum of subsistence. Investigation enables him to sustain his economic position and at the same time to secure justice in a manner which works no injury to third parties. "Justice," said Edmund Burke, "is the common concern of mankind." Injustice will not necessarily be remedied by force. Investigation, if it reveals injustice, is irresistible. It can marshal to its support an informed public opinion and the agencies that create it, which in the use of force are antagonized rather than made sympathetic. There can be no interference with real liberty in a measure which protects society and at the same time protects the individual who believes himself to be

wronged. The prohibition of a strike pending inquiry merely says to the worker: "You shall not use the economic power involved in quitting in concert as a weapon to coerce employers to yield demands, so long as that method of securing your purpose is unnecessary in the first place, and is contrary to the public welfare."[1] When it is known that most of the serious industrial conflicts would never have taken place if prior to their outbreak there had been investigation of the differences between the parties, or even statutory authority to compel investigation, is it not inviting disaster for countries to remain indifferent to like recurrences, so long as anywhere in the world measures exist which, given a fair trial, are capable of avoiding such catastrophes?

Strikes and lockouts do not help to make the world safe for Democracy. Viewed from the standpoint of democracy, what are they but "a combination by men not elected by the people and not accountable to the people, to prevent other citizens from exercising their rights"?[2] Where there are tribunals with adequate powers to do justice, strikes or lockouts in defiance of their existence are

[1] Thomas T. Parkinson, *Constitutional Aspects of Compulsory Arbitration*, Proceedings, Acad. Pol. Sc., vol. VII, no. 1, p. 65.

[2] Everett P. Wheeler, *Discussion of Trades Unions and Compulsory Arbitration*, Proceedings, Acad. Pol. Sc., vol. VII, no. 1 (January, 1917), p. 84.

violations of fundamental rights. To shut off supplies of food and coal, by means of a strike, is equivalent to a forcible blockade, which may result in starvation.

In disputes which adversely affect communities, the position of the public is very similar to that of neutral nations whose legitimate interests are affected by other nations engaged in war. A neutral may come to suffer as much as a belligerent. Tragic experience has caused this to be recognized in international affairs, and the avoidance of war is now looked upon as the common concern of all countries. The avoidance of industrial war is not less the common concern of all communities. Even industrial disputes may become matters of grave international concern. The strike of seamen in 1911 was international. It involved 600,000 men, 18 countries, and 300 harbors in Europe and America. Strikes upon the railways and in the coal fields of America and Britain have affected industrial and social conditions in other lands.

If the recent past has revealed the frightful consequences of industrial strife, do not present developments all over the world afford indications of possibilities infinitely worse? Syndicalism aims at the destruction by force of existing organization, and the transfer of industrial capital from present possessors to syndicates or revolutionary trades unions. This it seeks to accomplish by the "general

strike." What might not happen, in America or in England, if upon a few days' or a few weeks' notice, the coal mines were suddenly to shut down, and the railways to stop running! Suppose, for example, that in Great Britain, all the men who belong to the Railway Employees' Unions, the Transport Workers' Union, and the Coal Operatives' Union were to act in concert and cease operations for the space of two or three days, to say nothing of a longer period! Is this a possibility so remote as not to be worth considering? These organizations are all part of one Federation which at any moment may act under instructions from a single Board. Here is power which, once exercised, would paralyze the British nation more effectively than any blockade in time of war.

Fortunately, these great organizations have had, for the most part, able and patriotic officers. But the best of leaders are not always able to control. Europe and America have had numerous instances of industrial conflicts due to the inability of leaders to command their followings. On the other hand, it is an interesting and suggestive fact, as one with experience in labor matters has pointed out, that opposition to government mediation is stronger among union leaders than among their followers. "Strikes," says Dr. Victor Clark, "are like wars; they open opportunities for prominence and distinction to the officers who lead them, but only

hardship and suffering to the rank and file who fight them." [1]

Where there are "conditions that prompt irresponsible men to impulsive action," either on the part of leaders or on the part of the rank and file, a measure that acts as a check upon hasty and ill-conceived action is surely not less in the interests of Labor itself than in the interests of the community at large. Investigation prior to severance of industrial relations is an effort by the community to protect itself against the anti-social consequences of open warfare. The community, as one of the partners in Industry, has a right to this protection.

In 1907 the Parliament of Canada enacted what is known as *The Industrial Disputes Investigation Act*. That measure applies to Industry the principle of investigation prior to a lockout or strike. It is founded upon the idea of introducing into Industry a system of adjusting industrial differences based on principles of law and order. It takes away no right of strike or lockout from the parties to industrial disputes. With respect to agencies of transportation and communication, mines, and industries in the nature of public utilities, it merely postpones the exercise of the right until there has been an investigation at the public expense. These

[1] *The Canadian Industrial Disputes Act*, Proceedings, Acad. Pol. Sc., vol. VII, no. 1, p. 18.

are industries upon the uninterrupted operation of which the well-being of other industries and the Community largely depends. Upon consent of the parties, the provisions of the Act may be made applicable to any industrial dispute involving an appreciable number of persons.

The Act establishes a procedure to which men have become accustomed in judicial and parliamentary processes. It gives to the parties to industrial controversies the right to appeal before a recognized public tribunal in order to have the merits of respective positions or contentions examined into in an orderly method. Boards may be established at the instance of either workers or employers, wherever a dispute arises which threatens a lockout or strike. Each of the parties concerned is entitled to name one member of a Board. The third member, who becomes the Chairman, is selected by the two members named, or, failing selection in this way, is appointed by the Government. Thus constituted, each Board has all the powers of a Court. It may summon witnesses, take evidence upon oath, compel the production of documents, inspect premises, or adopt any method of getting at facts which appears to be necessary to a full understanding of the matter in dispute. The parties are entitled to be represented before the Board in person, or by any persons of their own choosing. All expenses incidental to the inquiry, including allow-

ances to members of the Board for their services, fees to witnesses for attendance, remuneration of experts and the like, are paid out of the public treasury. No obligation is imposed upon the parties except to refrain from severing their relations until the Board has had opportunity of fully investigating the matter in dispute, and making public its findings in reference thereto.

If in the course of an inquiry conciliatory efforts on the part of a Board fail to effect an adjustment of the difference, or if the findings of a Board do not prove acceptable to either of the parties, and a settlement on lines recommended cannot be reached, either party is then free to take such action as in the circumstances it believes is best calculated to further its own special interests. The right to strike or to lockout may then be exercised if so desired. Meanwhile, however, the public has been afforded opportunity to learn of the existence of the dispute, and to gain some idea of its merits.

The real significance of the Canadian Act has been well set forth by Sir George Askwith, Chief Industrial Commissioner and Chairman of the Industrial Council of the United Kingdom, who visited Canada in the autumn of 1912 for the purpose of inquiring into its working. In his Report thereon to the British Government, Sir George Askwith says:

"It will be seen that the Act differs essentially from compulsory arbitration. It only endeavours to postpone a stoppage of work in certain industries for a brief period and for a specific purpose. It does not destroy the right of employers or workpeople to terminate contracts. It does not attempt to regulate details of administration of business by employers or interfere with organization of associations of employers or of trade unions. It legalises the community's right to intervene in a trade dispute by enacting that a stoppage either by strike or lockout shall not take place until the community, through a Government Department, has investigated the difference with the object of ascertaining if a recommendation cannot be made to the parties which both can accept as a settlement of the difference. It presupposes that industrial differences are adjustable, and that the best method of securing adjustment is by discussion and negotiation. It stipulates that before a stoppage takes place the possibilities of settlement by discussion and negotiation shall have been exhausted, but, and here it differs from Compulsory Arbitration, it does not prohibit a stoppage either by lockout or strike if it is found that no recommendation can be made which is acceptable to both sides. If no way out of the difficulty can be found acceptable to both parties, there is no arbitrary insistence upon a continuance of either employment or labour, but both sides are left to take such action as they may think fit. As a result, it does not force unsuitable regulations on industries by compulsory and legal insistence, but leaves an opportunity for modification by the parties. It permits elasticity and revision, and, if it does not effect a settlement, indicates a basis on which one can be made."[1]

[1] Report to the Board of Trade on the Industrial Disputes Investiga-

The Industrial Disputes Investigation Act has been on the statutes of Canada for a number of years. It was introduced in the House of Commons, during the session of 1906–07, by the Honorable Rodolphe Lemieux, Postmaster General and Minister of Labor at the time, and was assented to on March 22, 1907.[1] Since its enactment, the parties to disputes have failed in some instances to take advantage of its provisions, and strikes and lockouts have occurred notwithstanding its existence. In such cases, there has been either ignorance of the law or a belief in the superior merits of Force. On the whole, however, the law has been well observed. On this point, Sir George Askwith says:

"It will have been gathered from the preceding explanation of the working of the Act that where it was frankly accepted as a means of preventing disputes it has worked extremely well, but where, for reasons, some apparent and others which can only be guessed at, its introduction has been resented, it has not succeeded to the same extent." [2]

Personally, I do not know of a single instance, in cases where the provisions of the Act have been ignored, in which gain has come to any of the parties. On the other hand, the number of disputes

tion Act of Canada, 1907, p. 7, by Sir George Askwith, K.C.B., K.C., Chief Industrial Commissioner. [Cd. 6603.] London, 1913.

[1] 6–7 Edward VII, c. 20. Amendments, 9–10 Edward VII, c. 29, 8–9 George V, c. 27.

[2] *Idem*, p. 15.

which have been amicably adjusted under the Act without loss of a dollar to Capital, a day's wage to Labor, or a moment's inconvenience to the public, is so considerable as to constitute the vast majority of the cases which have been referred under its provisions.[1]

Since the commencement of the War, the application of the Act has been extended by the Canadian Government to all industries carrying on work essential to the prosecution of the War. As already mentioned, the Government has also established a Board of Appeal, composed of representatives of Capital, Labor, and the Public, to which either of the parties may take an appeal from the findings of a Board of Investigation. This Board is in the nature of a permanent Court of Appeal.

There has not been at all times entire satisfaction with the manner in which the law has been administered; there has been no attempt in Parliament, however, to repeal the statute. The amendments introduced have been aimed at overcoming limitations which experience of its working has disclosed. On the whole, the Act has grown in favor as its provisions have become better known and more generally adopted in the adjustments of disputes.

[1] The Tenth Report of the Registrar of Boards of Conciliation and Investigation of proceedings under the Industrial Disputes Investigation Act shows that of 227 disputes referred under the Act in the ten years 1907–17, there were only 21 instances in which strikes were not averted or ended. *Vide* Report for the Fiscal Year ending March 31, 1917.

Where opposition on the part of Labor existed at the time of its introduction, that opposition has continued in part, but in part also it has been overcome.

Of the attitude of employers and the general public in Canada, the Report of Sir George Askwith says:

"With the exception of one employer, who was averse to any interference, and anxious to fight out any differences which might arise between himself and his employees, I found the many employers whom I interviewed generally favourable to the Act, certainly to its principle and policy. Many expressed themselves as being willing to accept any tribunal which promised a fair and impartial consideration of industrial differences, and pronounced the Industrial Disputes Investigation Act as being the best that had been devised. Others stated that the Act did not go far enough, but agreed with it so far as it did go. . . .

"The public men with whom I discussed the Act were practically, without exception, favourable to it, and thought that it might be extended with advantage to other trades. They particularly emphasized the advantages of the conciliatory work effected under the Act, and the value of the mutual understanding which had been in many instances obtained by means of it."

Opinion respecting the Act has changed very little. Sir George Askwith's summary may be taken as true to-day.

Of Labor's attitude, Sir George Askwith says:

"In considering the attitude of Labour towards the Act, it should be remembered, therefore, that the Act had a hostile reception from some of those most immediately affected, not so much because of any demerits it might possess, but because it was believed to have been introduced with a view to frustrate their efforts in the effective use of the strike weapon.

"I believe this conception to have been erroneous, but my present point is simply to show that the Act was prejudiced in the early stages of its work, which prejudice has retarded the full benefits that might have resulted from its becoming law. . . .

"As regards the Western coal miners, this attitude of opposition has been maintained, and has been more or less supported by many leading trade unionists. With respect to the railway unions, however, a reversal of their former attitude has resulted from their experience under the Act, and no more warm supporters of the Act are now to be found in the Dominion than leaders of railway unions."

The cause alleged by Sir George Askwith accounts, without doubt, for such opposition as there has been to the measure on the part of Labor, and for the fact that some leaders of Labor in countries outside of Canada have sought to arouse prejudice against the introduction of similar legislation elsewhere. Labor has been told that the Act takes away "the only weapon" Labor has; that it means "industrial servitude." For having had to do with the drafting of the measure, I was represented

before the United States Commission on Industrial Relations, by one leader of Labor, as "an alien, whose contribution to the industrial problem is a law that prescribes a jail sentence for the worker who dares to lay down his tools."[1]

Let me invite Labor into my confidence with respect to the Canadian Industrial Disputes Investigation Act and the circumstances which led to its enactment. I believe a true appreciation of its real purpose will serve considerably to modify what little prejudice, if any, may still exist against the principle of investigation before resort to Force in the settlement of industrial disputes. The circumstances which led the Government of Canada to establish machinery for the investigation of Labor controversies were far from being confined to those connected with any single strike. They related to injustices done Labor both in Canada and abroad. The Government's purpose was more than that of simply finding a means to prevent strikes and lockouts. It was the large purpose of providing an instrument that would be effective in uncovering industrial wrongs and exposing injustice in industrial controversies.

During the summer 1906, the Canadian Government sent me to confer with the British authorities

[1] Commission on Industrial Relations. Testimony, vol. VIII, p. 8007. Washington, 1916.

as to the desirability of the enactment of a law which would make it a criminal offence for persons in the United Kingdom and Ireland to induce labor, through fraudulent representations, to go abroad. The mission followed an investigation I had previously made in Canada as to the manner in which a party of skilled printers, some seventy in number, had been induced to leave England for Winnipeg under representations that they were to obtain good positions in the Dominion, when in reality they were being brought to the country as strike-breakers.[1] Only a year or two before, several thousand Italians had been induced to come to Canada from Italy under circumstances which were gigantically fraudulent.[2] The exposures of the investigation into the circumstances surrounding this extraordinary influx were followed by legislation making it a criminal offence for any person resident in Canada to make fraudulent representations with a view of inducing foreign labor to come to Canada.[3] This legislation, it will be observed, was made applicable necessarily only to persons resident in Canada. It could not reach individuals who might

[1] *Vide* "Investigation of Alleged Fraudulent Practices in England to Induce Printers to Come to Canada." *Labour Gazette*, vol. VI, no. 10, April, 1906, pp. 1122–1130.

[2] *Vide* "Report of Deputy Minister of Labour on Causes of Influx of Italians to Montreal during 1904." *Labour Gazette*, vol. VI, no. 12, June 1906, pp. 1347–1351.

[3] An Act respecting false representations to induce or deter immigration. 4–5 Edward VII, c. 16.

carry on fraudulent manœuvres in other countries. What was desired of the British Government was the enactment of similar legislation in Great Britain to prevent fraudulent representations on the part of persons resident in the British Isles.

The Rt. Hon. David Lloyd George was President of the Board of Trade at the time. Along with other legislation, Mr. Lloyd George was piloting through Parliament a revision of the Merchants Shipping Act. He took the matter in hand, and introduced as an amendment to the Merchants Shipping Act a clause which adequately covered what was desired.[1] This amendment is part of British law to-day. It is as applicable to fraudulent representations to induce persons to emigrate to the United States or any other country as to fraudulent representations with respect to Canada.

I was returning from this mission to England when, upon arrival at New York, I received a communication from Sir Wilfrid Laurier advising me that there was a critical situation in the Canadian West owing to a prolonged strike in certain of the coal mines in Southern Alberta. Winter was ap-

[1] The Merchants Shipping Act, 1906, Sec. 24: "If any person, by any false representation, fraud, or false pretence, induces or attempts to induce any person to emigrate or to engage a steerage passage in any ship, he shall for each offence be liable on summary conviction to a fine not exceeding fifty pounds, or to imprisonment with or without hard labour for a period not exceeding three months."

proaching, snow had already begun to fly on the prairies, and representations had been made to the Federal Government by the Government of Saskatchewan that unless the strike could be speedily terminated, and a supply of coal immediately obtained, settlers would certainly freeze to death in their homes. I was asked to proceed at once to Alberta, and lend the good offices of the Government in an endeavor to effect a settlement.

As I went west across the prairies, it looked as though winter had already set in. For miles and miles on either side of the railway were bleak stretches of snow-covered ground, nothing to be seen anywhere except the solitary dwelling of some settler, and, now and then, a coyote or prairie wolf.

As I came into Southern Alberta, the scene completely changed. There the weather was bright and clear, a delightful Indian summer, not a sign of snow anywhere. It was difficult to get the parties to the industrial controversy to appreciate the gravity of the situation farther north. They were set in their attitude of long defiance towards each other, and seemed incapable of looking beyond the horizon.

I tried to bring about an immediate conference between the leaders of the strikers and the manager of the Company, but at once I was told that that would mean "the recognition of the Union,"

and that it was on the question of recognition the fight was being made. The leaders of the men were ready enough for a conference, but the Company would not hear of it. I tried every means to bring about a conference of some kind between the strikers and the management, knowing full well that no settlement could ever be reached to which both sides were not parties. It was of no avail. I could propose nothing which did not seem to imply "recognition." Meanwhile, telegrams kept pouring in from all parts of Northern Alberta and Saskatchewan telling of the dire distress with which municipalities as well as isolated settlers were confronted, and demanding that somehow the mines commence operations.

Along with hundreds of communications received, there came to my notice in the press an open letter addressed to the Prime Minister of Canada. The letter seemed to me then, and has ever since appeared, a splendid example of what is meant by participation in Government through the informing of Public Opinion. It was one of those assertions of fundamental rights upon the part of a citizen which really stand for government by the people. It belongs to the instruments of government by which the liberties of a free people are maintained. I quote the communication just as it appeared:

LOCAL IMPROVEMENT DISTRICT OF RAMSAY
BLADWORTH, SASK., NOV. 19, 1906.

Dear Sir Wilfrid:

The hamlet of Bladworth is the supplying point for settlers in approximately twelve townships surrounding.

These townships have approximately 50 settlers each settled therein. The country is open rolling prairie, devoid of trees. The settlers depend for fuel on wood and coal obtained at the nearest railway station, Bladworth. The local dealers secure their wood from the Prince Albert country, and their coal from the Galt Mines, Lethbridge. No coal has been obtained from this latter source since April last. One car was obtained from Banff in September last, since which no coal has been received here. Ten cars are under orders from Lethbridge, and none delivered. One car is ordered from Estevan and promised by the mine operator for December 17 next.

Wood has been ordered from the Cowan Company, Prince Albert, and their answer is:

"We have neither slabs, edgings, nor cuttings, and though we have inquired we are unable to purchase any cordwood — there is none in the city."

Settlers have been burning lumber at $30.00 a thousand, willow bramble, twisted hay and grain. These sources are well-nigh exhausted.

Dr. J. Fyfe reports from observation that no fuel is in the settlers' hands, and that suffering and perhaps death will ensue therefrom. All public schools are closed for want of fuel. The Saskatchewan Hotel, a thirty-roomed house, has but one fire.

A blizzard had been blowing on November 15, 16, and 17, with zero weather. I leave you, sir, to imagine what the condition of your fellow-subjects

is in the electoral district of Batoche — a name not unknown in history. This condition is not local, but general.

We are informed that those persons operating the mines of the people are disputing over their rights — regardless of the right of the people to live.

I would respectfully ask that you, sir, put an end to a dispute that is intolerable, and the maintenance of which endangers the life and happiness (inalienable rights of all free people) of all settlers.

I ask you, sir, on behalf of a suffering people, that by the powers vested in you the right of eminent domain be exercised.

I can assure you, sir, without exaggeration, that this matter is one of life and death to the settlers here, one requiring immediate action.

Your obedient humble servant
WM. L. RAMSAY
Chairman of Committee

To the Right Hon. Sir Wilfrid Laurier
Premier of Canada
Ottawa, Can.

Having read this letter, I discussed it with each of the parties, pointing out how, in a crisis such as it depicted, every hour was a matter of the most serious import. I supplemented this step by reading over to the parties communications which came to hand from the Government of Saskatchewan, stating that the utmost distress was existing throughout that province on account of an actual coal famine, and that the distress was increasing

hourly, with the prospect of the most alarming consequences if immediate relief were not afforded. Even then, it was impossible to reach an agreement.

What stood in the way of settlement? Absolutely nothing but the difficulty of bringing about a conference; and the absence of any machinery to get at the facts, once, after days of delay, a conference was finally effected. A fully informed public opinion, supplemented by the probability of action on the part of the Government, was all there was wherewith to exert any pressure upon the parties to bring them to a sense of their responsibility to the country. It proved sufficient in the end, but not until after much suffering had been endured by hundreds of innocent settlers. A strike that probably never would have taken place had there been in existence machinery such as the Industrial Disputes Investigation Act provides, and which with the facilities of investigation provided by the Act, might have been ended in two days, was kept on, day in and day out, week in and week out, and month in and month out, owing to the lack of any such measure.[1]

When I returned to Ottawa, Sir Wilfrid Laurier invited me to a conference in his office. He spoke of the strike and the very critical situation it had

[1] For a detailed account of the settlement of the strike herein referred to, the reader is referred to *The Labour Gazette*, vol. VII, no. 6, December, 1906, pp. 647–662.

occasioned in the country. He mentioned other strikes that had taken place, and the possibility of similar happenings in the future. He said the interests of the country demanded that something be done to make impossible the recurrence of such a disastrous situation. He asked me if I had any suggestions to make.

The experiences of the strike I had just dealt with were vividly before me. Difficulties encountered as a mediator in the adjustment of other disputes were also present to my mind. I spoke of these to Sir Wilfrid and of the services which proper machinery for investigation might have rendered Labor in the case of the deceived Italians, and the wrongs which compulsory investigation might have avoided in the case of the Winnipeg Printers' Strike. I had no doubt as to what was necessary if Labor was to have just treatment in matters of industrial controversy. Having outlined concrete difficulties, I suggested that if the Government would enact a law which would compel parties to industrial controversies to meet together and discuss their differences before relations were severed through a lockout or strike, and which would provide machinery whereby, when they were together, it would be possible to get at the truth, I believed that such a law would eliminate ninety per cent. of lockouts and strikes. Sir Wilfrid then said, "Well, draft such a law."

The Christmas vacation of 1906 was devoted to the task. Save the embodiment of the principle of conference prior to the severence of relations between parties to industrial controversies, there was very little in the new law that was original. In the sources of labor legislation consulted, the experiences of Great Britain, of the United States, of Australia and New Zealand, were all drawn upon. Such features of compulsion as the law contained were confined to those essential to *compelling a conference*, and to giving to the Public, as well as to the immediate parties to industrial controversies, opportunity of *ascertaining the truth before the commencement of hostilities*. The right to strike or to lockout was not taken away; the right was merely suspended. The Act was framed with a view to rendering unnecessary any resort to a strike as a means of compelling consideration of grievances or demands. For this reason, pending the necessary period of investigation, the right to strike was held in abeyance, not more in the interest of the public than in the interest of the parties themselves.

In drafting this legislation, I was not seeking to take away from Labor any right. I was seeking to gain for Labor a right which in the whole of its history it had never theretofore enjoyed: namely, the right, not to be withheld, of having investigated, at public expense, upon Labor's own motion, and in part by its own named investigators, any

adverse industrial condition likely to involve a lockout or strike. Such power, extending to the examination of documents, the taking of evidence under oath, the inspection of premises, surpassed the liveliest expectations of Labor at the time. Little wonder there were grave doubts in my own mind, and in the minds of officers of the Dominion Trades and Labor Congress, with whom I conferred while drafting the measure, and whom I consulted as to Labor's acceptance of the principle involved, whether Parliament would enact a law extending such powers, in return only for the enjoyment by the community of uninterrupted service in the industry, pending the use of the powers the Government was conceding.

The right of public investigation in matters of labor controversy is a very far-reaching and potent right. Compared with it, as a means of securing justice, the strike and lockout fade into insignificance. I know of no instrument so powerful to put a stop to arbitrary conduct. There is no direction in which the right of investigation cannot be employed with the utmost advantage to Labor and to the Community. It is worth any concession Labor is able to make. Think what its exercise meant in the case of the telephone and cotton mill operatives, of which mention has been made elsewhere in these pages. Think what it might have meant,

effectively applied, to the work of men, women, and girls in the garment-making industry and in the match-making industry, to mention only two other examples referred to. Labor cannot, with any sense of fair play, demand the exercise of this right in matters of health or of injustice as concerns itself, and deny the same right to the other parties to Industry, when its exercise means the preservation of the well-being of the entire community. If Industry is to be regarded as in the nature of social service, and Labor has everything to gain by such a conception of Industry being entertained, then the rights of all the parties must be respected, and the Community, along with Labor, Capital, and Management, must be accorded full knowledge of situations which bear directly upon its immediate interests. There cannot be regard on the one hand for the rights of Labor and Capital by the Community, and, on the other, indifference to the well-being of the Community by Labor or Capital.

Labor will do well to reflect upon all that is involved in the gradual extension of the right of investigation. Investigation means publicity in the matter of profits as well as in the matter of wages. Why should there not be like publicity if both are honestly earned? Investigation can be extended to publicity in the matter of excess prices, as well as to the exposure of all forms of profiteering. The presence on the Statutes of Canada of the *Indus-*

trial Disputes Investigation Act of 1907 enabled me, in 1910, to introduce and support in Parliament a *Combines Investigation Act*, giving to consumers rights and powers of investigation, similar to those embodied in the Industrial Disputes Act, with respect to alleged enhancement of prices or restraint of trade from combinations in the nature of Trusts, Combines, Monopolies, and Mergers.[1] This statute is part of the law of Canada to-day. Were full advantage taken of its provisions, it would make profiteering in any form impossible. Had the Government of Sir Wilfrid Laurier continued in office, these two measures would have been supplemented by a third designated the *Industrial Conditions Investigation Act*, with machinery, functions, and powers similar to those pertaining to the investigation of industrial disputes but applicable to any industrial situation demanding investigation in the public interest. The principle of such a measure had been accepted, and its provisions in the form of a draft bill prepared, by the Administration. It was denied introduction into Parliament only because of the summary dissolution of Parliament at the time of the Reciprocity proposals.

If I have sought to promote legislation which would make investigation available in many directions, it is because I have faith in the power of

[1] Statutes of Canada, 1910; 9–10 Edward VII, c. 9. An Act to provide for the investigation of Combines, Monopolies, Trusts, and Mergers.

an intelligently formed Public Opinion to remove any injustice and to redress any wrong. There is a class of evils which publicity is more effective to remedy than penalty. Most industrial wrongs belong to this class. As respects all such measures, may I repeat here what I said in the Canadian House of Commons, over eight years ago, in the course of the debate on the Combines Investigation Act.[1] The words are equally applicable to the investigation of industrial disputes prior to a lockout or strike, and as such I would address them especially to Labor.

"It is in the machinery for investigation and for the framing and shaping of an intelligent public opinion which the measure provides, that its main features exist. It aims to get at the truth and to have the truth, when ascertained, so presented that the remedy for a wrong disclosed will be self-evident. It is framed in the belief that, once in possession of the facts which are of first importance to itself, the public will find a way of seeing that any evil under which it may be wrongfully suffering will be removed and that no situation, however complicated, will prove too intricate for a satisfactory solution. To ascertain the facts, to get at the truth, is the first of all essentials. It relies on the moral sense of the community as a compelling force, when concentrated intelligently on a business wrong. Intelligent public opinion will protect honest business and condemn unfair practices.

[1] Hansard, House of Commons Debates, April 12, 1910, pp. 6860–6861.

"In the publicity, therefore, which this measure secures, not to private affairs of honest business men, as may be urged by those who are interested in thwarting legislation of this kind, but to the wrongful acts of mean men, lies its strength in securing the well-being of the people, which it is its purpose to maintain. It is an honest endeavour to grapple in a fearless, practical, and thorough manner with what is, undoubtedly, the most complicated, intricate, and far-reaching of those problems to which our present social, industrial, and commercial life have given rise, and which presents, I believe, more difficulties than any other single problem in the world to-day. If it does nothing more than restrain to some extent the aggressive tendencies of large aggregations of wealth, and secure as respects those powerful interests, some measure of that social control which is essential to the protection of the well-being of the many, it will prove not only a benefit to this nation, but, I believe, an onward step in the march of social progress."

The acceptance of the principle of investigation prior to the lockout or strike marks the beginning of the introduction of Law and Order into Industry; also the beginning of Joint-Control. To secure its universal application, its enforcement by the State is necessary, just as the universal enforcement of a National Minimum or of any Labor standard requires some element of compulsion. In measures aimed at the protection of society, the police power must not be confused with aggressive force; the two are fundamentally different.

Private rights cease when they become public wrongs. Is not this the principle underlying law and order in all civilized communities? Is it a principle from which communities can depart without inviting anarchy? It cannot be contended that what is a matter of grave concern to the public is a matter of exclusive concern to private parties. There is no right superior to that of the community as a whole. The public has a right to be informed impartially on the merits of situations which threaten its well-being. If there is to be orderly organization of Industry, on a partnership or any other basis; if joint industrial councils and works committees are to have their chance in the days of reconstruction, there must be procedure in accordance with known principles and rules, with respect to the adjustment of all disputes.

There is a crafty opportunism which would prefer that principles and rules should not be too definitely stated, an unprincipled strategy that is continually shifting its position in order to avoid impending responsibilities, or repudiating principles that some immediate temporary advantage may be gained. Such practices are destructive of the very foundations of industrial justice. Law and order cannot exist without stability; and stability cannot endure where opportunism prevails.

We have become accustomed to juridical methods in the settlement of most matters of civil con-

troversy. Is there an argument to be urged in support of the application of this method to civil disputes which does not apply with even vaster significance to the prevention and settlement of industrial and international disputes? We know how indispensable is the parliamentary method with respect to the conduct of government in the State. Is there aught to be said in its favor which is not equally applicable to government in Industry? The parliamentary and juridical methods are alike methods of argument and debate. They make their appeal to Reason, not to Force. The scientific method is likewise the method of appeal to Reason. Is Industry so different from all else that it can afford as respects its evolution to dispense with methods upon which Law, Government, and Science alike depend?

The War has obliged us to reflect upon these matters, and reflection, happily, is having a wholesome effect upon Opinion. By emphasizing the need of maximum production and uninterrupted operation in essential industries, the War has compelled, in most countries, the establishment of adequate machinery for the adjustment of industrial controversies in accordance with the juridical and parliamentary methods. The provision of adequate means of investigation has been accompanied by an insistence, as a part of government policy, upon

acceptance of the principle of investigation prior to a lockout or strike. The two necessarily go together. If there are to be no strikes or lockouts prior to investigation, the facilities for investigation must be adequate and efficient. Though the governments of both Great Britain and the United States have not provided specific penalties for failure to comply with the principle of investigation prior to a severance of industrial relations, they have not hesitated to let the power of public authority be felt toward this end in ways which render insignificant penalties of the extent the Canadian law imposes. Moreover, the present policy in those countries extends beyond that of suspension of the right to strike or lockout, to complete prevention of strikes and lockouts in industries essential to the prosecution of the War.[1]

The really important fact is that the application of the principle of investigation to industrial controversies prior to the lockout or strike is itself producing a marked change in sentiment toward this method of procedure. Many leaders of Labor, as well as many others who formerly hesitated to advise a restriction of the right to strike or lockout prior to investigation, have become the strongest

[1] While this book has been passing through the press, the Canadian Government has absolutely prohibited, for the duration of the War, strikes and lockouts in industries to which the Industrial Disputes Investigation Act applies, and has adopted measures for the enforcement of obedience and compliance with the orders or decisions of Boards. (Order in Council, October 11, 1918.)

advocates of the adoption of this principle. The fact that such persons are influenced in their attitude by motives of patriotism only lends emphasis to the wisdom of the principle itself. In times of peace, the principle is the same as in times of war.

No one will deny that Organized Labor in the United States has sought to uphold the Federal Administration in its war policies. The policy of organized Labor and the policy of the Federal Administration have been one as respects the prevention of strikes and lockouts ever since the entry of the United States into the War. I might quote from any number of communications to illustrate the Administration's policy. One quotation, characteristic of the rest, will perhaps suffice, since there has been no variation in the note sounded from Washington.

On May 4, 1918, the Honorable W. B. Wilson, Secretary of Labor of the United States, sent a lengthy message to employees who had gone on strike in an important industry in the Eastern States.[1] The message loses none of its significance from the circumstance that Secretary Wilson was for some time Secretary and Treasurer of the United Mine Workers of America, and has lost none of his understanding of or sympathy with Labor's aspirations.[2] In this despatch, which was

[1] Strike of cranemen and riggers in the employ of the General Electric Company at Schenectady and Pittsfield.

[2] An attitude similar to that of the Secretary of Labor in the United

sent in the first instance by telegram, Mr. Wilson says in part:

"If no other means had been provided for adjustment of Labor disputes, strikes might be justifiable as a means of protecting the workers against arbitrary wrong. Other means have been provided. The National War Labor Board has been created, composed of equal numbers of representatives of Labor selected upon the nomination of the President of the American Federation of Labor, and representatives of employers selected upon the nomination of the National Industrial Conference Board. The Board is so constituted that Labor can get a fair hearing and fair judgment at its hands. From my personal knowledge of the Labor movement, I know that that is all that Labor is asking. The method has the approval of the President of the United States who, in a proclamation issued under date of April eighth of this year, said, 'I do hereby urge upon all employers and employees within the United States the necessity of utilizing the means and methods provided for the adjustment of all industrial disputes, and request that during the pendency of mediation or arbitration through the said means and methods, there shall be no discontinuance of industrial operations which would result in curtailment of the production of war necessities.' Our boys are at the front. They are making the supreme sacrifice for the protection of the lives of our people and the mainten-

States has been taken in Canada by the Honorable Senator Gideon Robertson, member of the Cabinet without portfolio. Mr. Robertson's appointment to the Senate was regarded as a recognition of Organized Labor, as was also his appointment as Chairman of a Subcommittee of Labor Relations of the Committee on Reconstruction.

ance of our institutions. Surely it is not asking you too much in their name to urge that you return to work, submitting your disputes to the War Labor Board for adjustment."

"In their name!" Has not Secretary Wilson given to the world the base line from which countries must make their new beginnings when the War is ended? What is it for which they have fought and died, our honored dead, the chivalry of our race! Is it that we may leave the bloodstained fields of Europe to begin anew the struggle between man and man which has its origin only in a belief in Force? Or shall we become the beneficiaries of their sacrifices, the inheritors of their victories, nay more, the trustees of their honor, their valor, and their virtue; and, in the part which it is ours to play, make the appeal to Reason, and not to Force; and aim in all things at government by Consent? It is the only memorial worthy of their memories which it is within our power to raise!

There would have been no war had the principle of investigation before resort to Force been the guiding principle in the affairs of nations. What a momentous thought; what a responsibility upon those who in industrial or international relations may remain indifferent to this principle! Can we fight for one principle abroad, and act upon an opposite principle at home?

If Industry is to serve Humanity, it can only be through general acceptance of the principle of investigation prior to the severance of relations, on the part of the parties to Industry, and on the part of rival nations. So long as nations place reliance upon Force and not upon Reason, so long will war be inevitable, and the fear of war continue to make of Industry a vast machine to aid in the destruction of Humanity, instead of being, as it ought to be, the mightiest instrument for the relief of mankind.

Throughout the universe and within the soul of man, the battle is forever between Fear and Faith. Fear puts its reliance on Force; Faith, its reliance on Consent. Each plays its part in all human endeavor. Faith gives wings to every effort; Fear binds with unrelenting power. We cannot too often repeat that it is the fear of war which begets necessary preparation for war; and that the preparation for war means the use of Industry to forge and manufacture the equipment of the world's vast armies and the not less mighty equipment of its huge navies, as well as war's extensive paraphernalia. In times of actual war, this feeding of the forces of Blood and of Death, through the utilization of a nation's capital and labor, is visible to all. In times of peace, the difference is not in kind, only of degree.

As fears are aroused, impulses which stimulate competitive arming are revived, and as these im-

pulses find expression in increased armaments and increased efficiency in military and naval organization, they in turn foster fresh fears. And so the hideous process goes on. More and more of a nation's power in Labor and Capital is drawn away from the channels of Industry that minister to the relief of Humanity, and is forced through channels that sooner or later lead to certain destruction. Well may we ask, is there no power on earth which can break the vicious circle that holds the world's populations in such appalling servitude? Is there no influence as potent as a world's fears to unloose the burden Humanity is forever binding upon itself, till it lies crushed and bleeding beneath the load? Is there no way to ensure obedience to the Law of Peace, Work, and Health?

In education by precept and practice, lies the last line of defence against industrial and international strife. Whatever advances a right principle in the one sphere, will help to advance it in the other; and whatever hinders it in the one will hinder it also in the other. The nation that exalts Might above Right, that encourages its people to look to Force rather than to Reason, is helping to bring destruction not only upon others but upon itself. Statesmen who encourage reliance on Force in international affairs need not be surprised if within the borders of their own countries the classes

engaged in Industry are also constantly engaged in strife. Labor and Capital, likewise, need experience no surprise if, indifferent to the use of Force in their own relations, and fostering its use by example, industrial strife becomes an undermining process, leading to international unrest and begetting the very fears which drain productive Industry of its vitality. That nation alone furthers a regard for the sovereign power of Reason, which so regulates affairs within its own borders that investigation of industrial wrongs precedes all efforts at redress by Force. It alone gives to the family of nations the example of how best to promote "on earth Peace, Good-will towards men."

The methods of preserving peace between nations are precisely similar to those that obtain in Industry. International conciliation is the same in principle as industrial conciliation; international arbitration, the same as industrial arbitration; judicial settlement of international disputes by a Hague Tribunal and supported by a world opinion enforceable by an international police, the same in principle and method as the compulsory investigation of industrial disputes under statutory authority. In all these great movements toward world peace, beginnings have already been made. It rests with Labor and Capital to decide in what measure they will succeed.

The affairs of Industry are matters of more general concern than those of Nationality. The methods, therefore, which Labor and Capital employ in the elimination of industrial fears, will inevitably become the methods by which international fears will be allayed. It is simply a matter of education. Where, in the affairs of every-day life, principles which lie at the basis of industrial peace are commonly applied, it is unreasonable not to expect the application of the same principles as the basis of international peace. And with the application of these principles to Industry and Nationality alike, what a new epoch would come into being! No longer, either within Industry or between countries, would there be massing of resources for use in possible conflict, or the diversion of Industry to the service of war. There would be the releasing everywhere of energy and power to meet the needs of Humanity, to increase the sum of its enjoyments and to widen the bounds of its freedom.

The acceptance by nations of the principle of investigation before resort to hostilities would mark the dawn of a new era in the history of the world. It is within the power of Labor and Capital to evoke that dawn. Let Labor and Capital agree, where differences arise between them, that they will not sever relations, until at least the points of difference have been inquired into; let them place

their faith in an enlightened Public Opinion as more fruitful of Justice than an appeal to Force, and they will have set out with tenfold energy upon the mightiest service ever rendered Mankind.

It is not alone a new dawn Labor and Capital may summon forth; they can create a wholly new civilization. Let Labor and Capital unite under the inspiration of a common ideal, and human society itself will become transformed. Such is the method of creative evolution. Substances and forces hitherto separate and distinct, brought into harmonious relationship, become transformed into substances and forces capable of rendering higher and greater service. So it is in the whole realm of life. Men or nations unite for a given purpose. Under the inspiration of an hitherto unknown ideal, they become capable of a service vaster than any of which they have ever dreamed. Let Labor and Capital unite under the ideal of social service: the work of material production will go on; not only will it vastly increase, but the whole complexion of Industry will become transformed. No longer will Industry be the battle-ground of rival and contending factions; it will become the foundation of a new civilization in which life and happiness abound.

Is it too much to believe that, having witnessed Humanity pass through its Gethsemane, having seen its agony in its Garden of Fears, having beheld

its crucifixion upon the cross of Militarism, Labor and Capital will yet bring to a disconsolate and brokenhearted world the one hope it is theirs alone to bring; and that, in the acceptance of principles which hold deliverance from the scourges that beset Mankind, they will roll back the stone from the door of the world's sepulchre to-day, and give to Humanity the promise of its resurrection to a more abundant life?

THE END

APPENDIX

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NO. I

CHART ILLUSTRATIVE OF THE NATURE OF INDUSTRIAL RELATIONS

CHART No. I is intended to illustrate that industrial relations are in the nature of relations between human beings, arising in connection with the parties to, the terms of, and the working-out of, an agreement, expressed or implied, between Capital, Labor, Management, and the Community (the parties to Industry) to unite in the work of production; also that all phases of the relationships thus created are affected by the observance or disregard of principles underlying the Law of Peace, Work, and Health.

INDUSTRIAL RELATIONS

COMPRISE

THE RELATIONS BETWEEN HUMAN BEINGS

AS THESE ARISE IN CONNECTION WITH

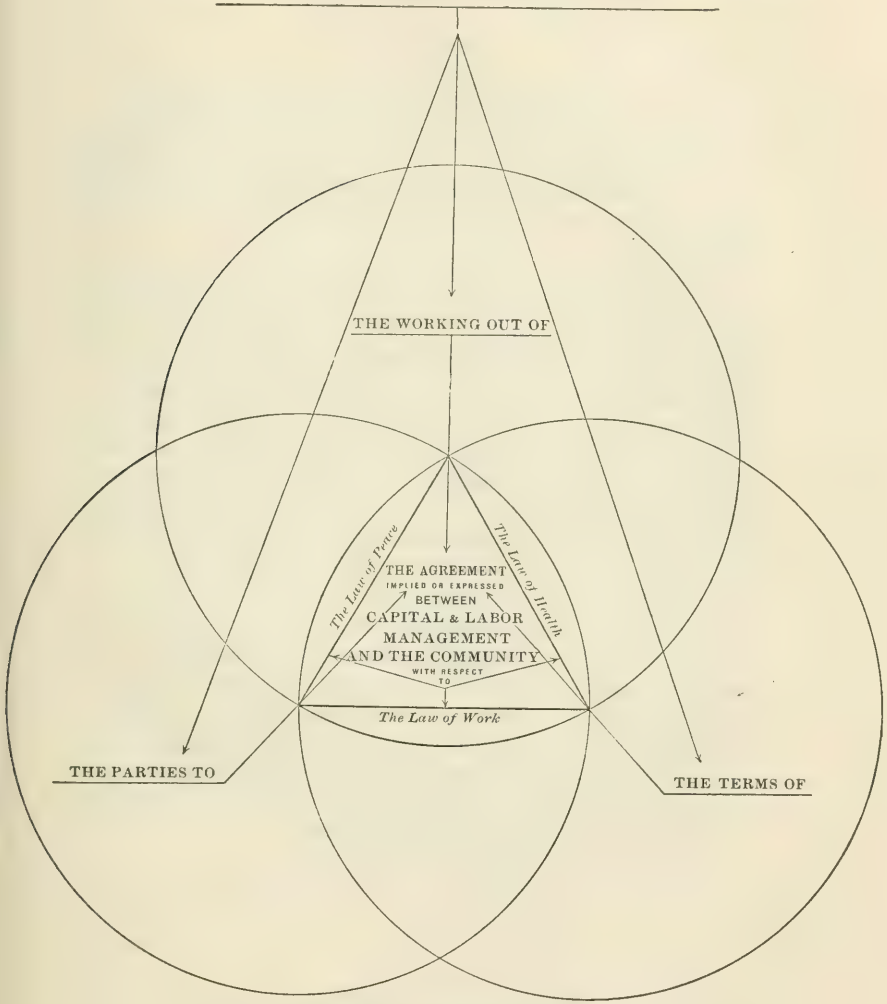


CHART ILLUSTRATIVE OF
THE NATURE OF INDUSTRIAL RELATIONS

NO. II

CHART ILLUSTRATIVE OF PROGRESS IN INDUSTRY

CHART No. II is intended to illustrate that progress in Industry depends upon proper adjustments between Capital, Labor, Management, and the Community, in accordance with principles underlying the Law of Peace, Work, and Health.

From the Chart, it will be observed that, while Industry is primarily dependent upon *available* Capital, Labor, Management, and Community services and needs, its extent depends upon the *extent of co-operation* between the parties in the work of production. It will be seen that the area representative of Industry (either of Industry as a whole or of individual industries) is comprised of the extent to which Capital, Labor, Management, and the Community unite in the work of production. If any one or more of the circles representative of Capital, Labor, Management, and the Community, were to be withdrawn from any part of the area illustrative of co-operation between the parties represented by the several circles, the area representative of Industry would correspondingly diminish. As the several circles approach coincidence, the area of Industry enlarges. Within Industry, progress depends upon the extent to which co-operation, and co-ordination of function, between the parties is in accordance with principles underlying the Law of Peace, Work, and Health. Wherever in Industry there is not this regard, confusion results.



CHART ILLUSTRATIVE OF PROGRESS IN INDUSTRY

NO. III

CHART ILLUSTRATIVE OF IMPORTANT CONTRIBUTING FACTORS IN INDUSTRIAL RELATIONS

CHART NO. III is intended to suggest that, of the factors bearing immediately and continuously on industrial relations, the most important are Discovery and Invention, Government, Education, and Opinion. It is further intended to suggest that all of these factors are continually affecting industrial relations on a scale which expands from being local to being world-wide in significance; also that influences which are distinctly local, state, national, or international act and react upon each other. The undulating lines are intended to convey the impression that, not only do Discovery and Invention, Government, Education, and Opinion affect industrial relations, but that whatever transpires in Industry has likewise its effect upon Discovery and Invention, Government, Education, and Opinion.

Not only do the factors mentioned affect Industry as a whole, and in a large way, in the manner indicated; they also continually affect, beneficially or the reverse, the parties to Industry, the terms and the working-out of agreements, expressed or implied, according as there is care or neglect in the application of principles underlying the Law of Peace, Work, and Health.

DISCOVERY AND INVENTION—GOVERNMENT—EDUCATION—OPINION
MAY AFFECT FAVORABLY OR ADVERSELY
ON

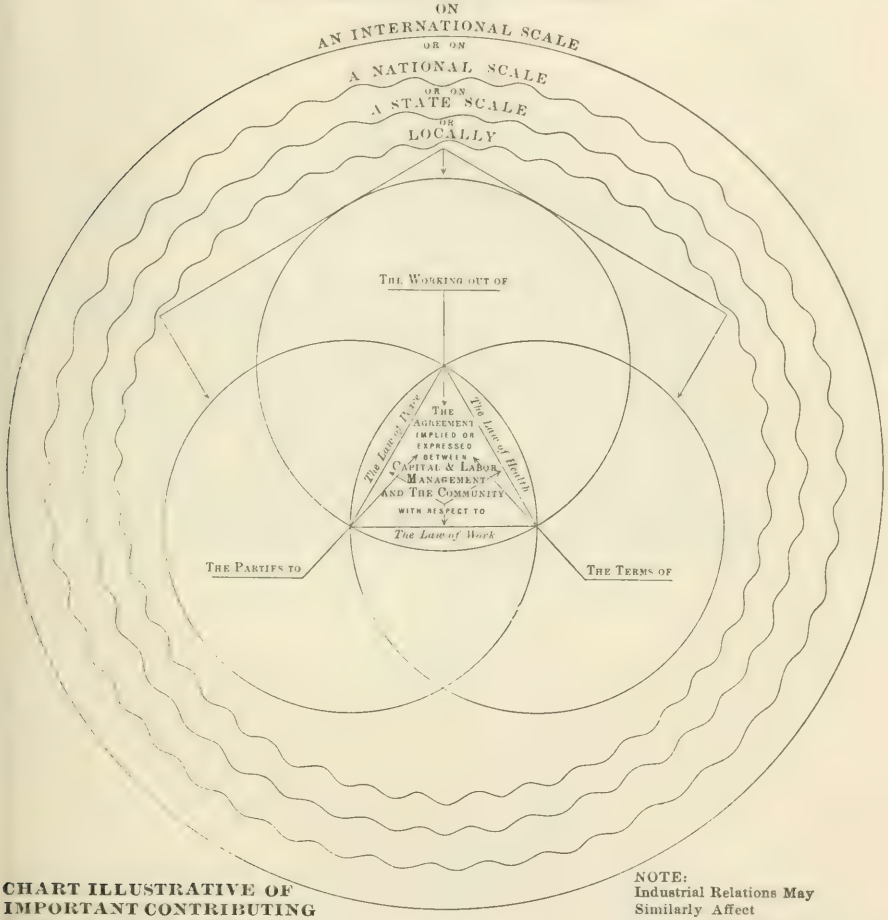


CHART ILLUSTRATIVE OF IMPORTANT CONTRIBUTING FACTORS IN INDUSTRIAL RELATIONS

NOTE:
Industrial Relations May
Similarly Affect
Discovery & Invention,
Government, Education, Opinion

NO. IV

CHART ILLUSTRATIVE OF THE NATURE AND SCOPE OF IMPORTANT CONTRIBUTING FACTORS IN INDUSTRIAL RELATIONS

CHART No. IV is similar to Chart No. III, except that the several factors indicated are transposed in a manner which serves to emphasize their nature and scope.

The Chart suggests that influences which are local, state, national, or international in extent, are operating continually upon Discovery and Invention, Government, Education, and Opinion, as these several factors affect the parties to Industry, the terms and the working-out of industrial agreements, expressed or implied, as respects individual industrial enterprises, and Industry as a whole.

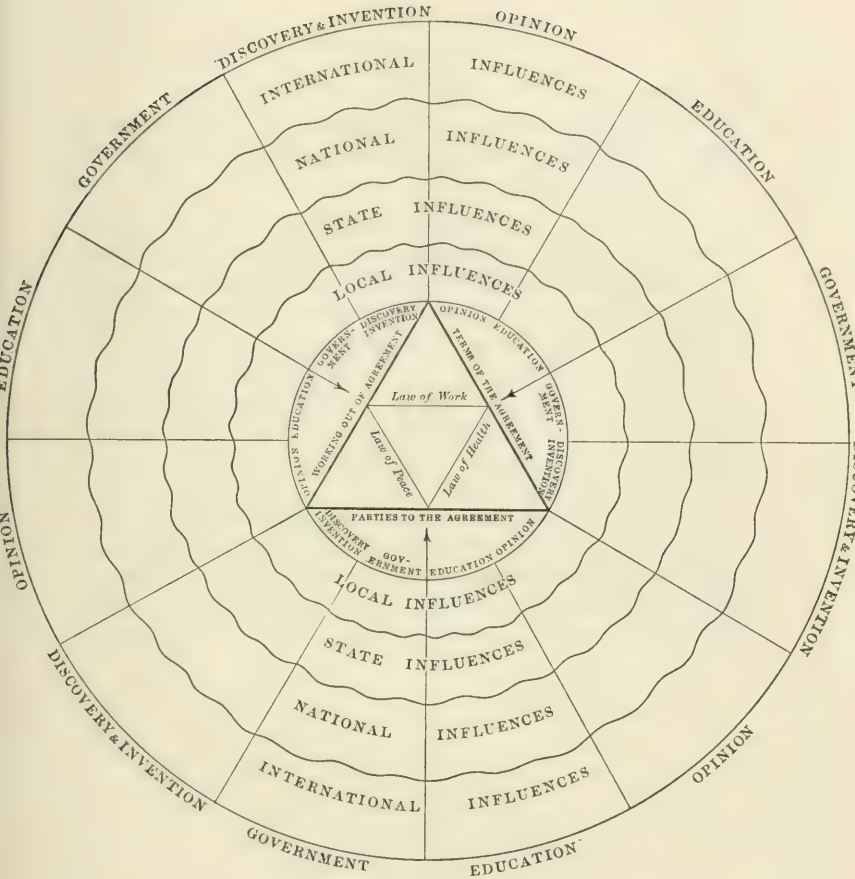


CHART ILLUSTRATIVE OF NATURE AND SCOPE OF IMPORTANT CONTRIBUTING FACTORS IN INDUSTRIAL RELATIONS

NO. V

CHART ILLUSTRATIVE OF THE LAW OF PEACE, WORK, AND HEALTH, IN RELATIONS WITHIN AND WITHOUT INDUSTRY

CHART No. V is intended to suggest that the principles underlying the Law of Peace, Work, and Health affect all human relations; that they bear upon relations arising within Industry, and upon relations arising between human beings wholly apart from Industry.

The Chart is also intended to indicate that the Law of Peace, Work, and Health, in its operation (within or without Industry) is not restricted to particular localities, but is operative everywhere, within localities, states, nations, and between different countries.

The Chart is further intended to indicate that the Law of Peace, Work, and Health is one, and that whatever (within or without Industry) may appear to affect Peace, Work, or Health, individually, affects in reality these three constituent elements of the one Law.



CHART ILLUSTRATIVE OF THE LAW OF PEACE, WORK, AND HEALTH IN RELATIONS WITHIN AND WITHOUT INDUSTRY

NO. VI

CHART ILLUSTRATIVE OF THE ACTION AND REACTION OF DISCOVERY AND INVENTION, GOVERNMENT, EDUCATION, AND OPINION, IN RELATIONS WITHIN AND WITHOUT INDUSTRY

CHART No. VI is intended to suggest the action and reaction of Discovery and Invention, Government, Education, and Opinion upon the relations arising between human beings within and without Industry, and to emphasize the circumstance that these factors not only operate continually within and without Industry, on a local, state, national, and international scale; but that they are also continuously affecting each other and being affected by all that transpires in human relations.

The arrows which take their beginning at the circumference of the area indicating the relations within Industry serve, with the undulating circles, to indicate the possible far-reaching effect upon the Community and the world of whatever transpires within Industry. The arrows which take their beginning within the circumference of the outermost circle suggest, with the undulating lines, the manner in which the relations within Industry itself may be affected by influences operating on an international, national, state, or local scale. The arrows which take their beginning at the base of the lines descriptive of Discovery and Invention, Government, Education, and Opinion, are intended to suggest that whatever affects any one of the several factors, Discovery and Invention, Government, Education, or Opinion, whether within or without Industry, may affect all.

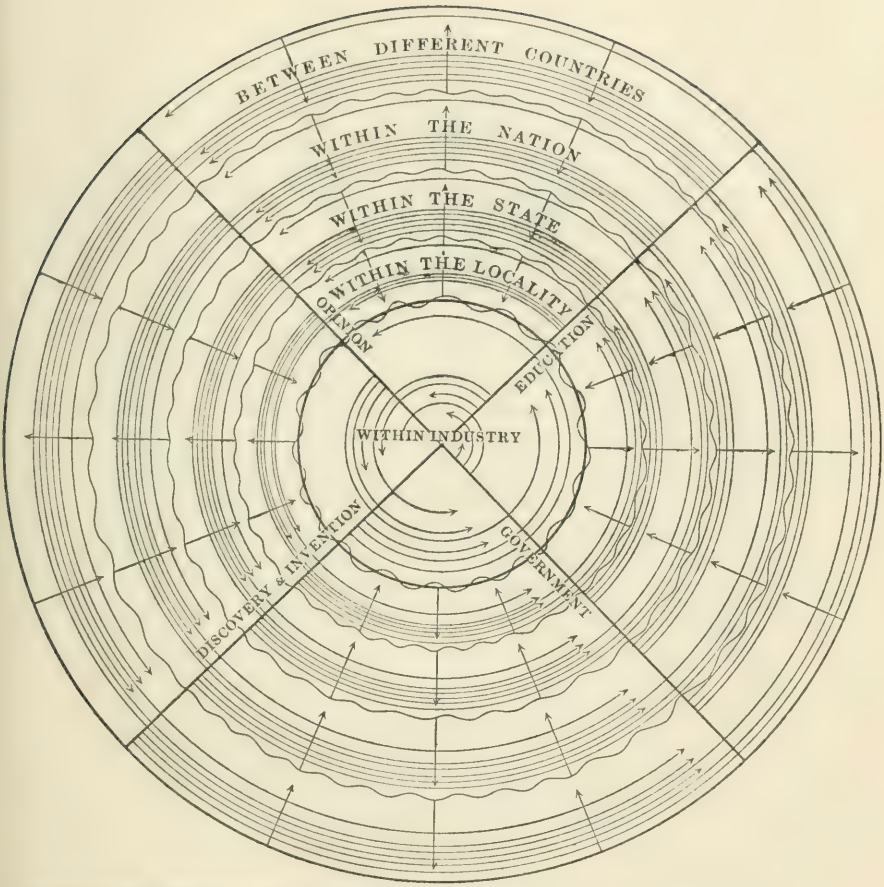


CHART ILLUSTRATIVE OF THE ACTION AND REACTION OF DISCOVERY, INVENTION, GOVERNMENT, EDUCATION AND OPINION IN RELATIONS WITHIN AND WITHOUT INDUSTRY

NO. VII

CHART ILLUSTRATIVE OF FACTORS INFLUENCING RELATIONS WITHIN AND WITHOUT INDUSTRY

CHART No. VII is similar to Chart No. VI, in indicating the operation of Discovery and Invention, Government, Education, and Opinion, on a local, state, national, or international scale, upon all the relations arising between human beings within and without Industry, in the manner described in Chart No. VI. It is supplementary in indicating that the several factors act and react, on the scale and in the manner indicated, both in Industry as a whole and in individual industries, as respects the parties to Industry, the terms and working-out of the industrial agreement (expressed or implied) between them in relation to all that affects the observance or disregard of principles underlying the Law of Peace, Work, and Health.

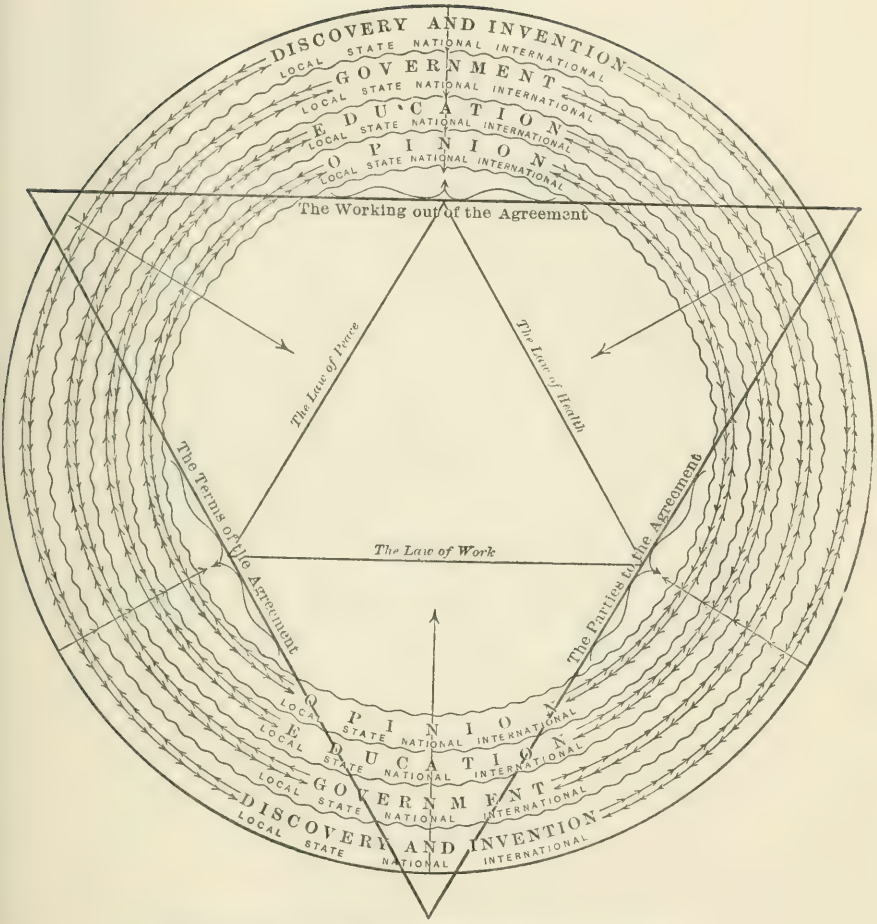


CHART ILLUSTRATIVE OF FACTORS INFLUENCING RELATIONS WITHIN AND WITHOUT INDUSTRY

NO. VIII

CHART ILLUSTRATIVE OF THE PARTIES TO INDUSTRY AND SUGGESTIVE OF FACTORS AND INFLUENCES

The parties to Industry are Capital, Labor, Management, and the Community. Chart No. VIII is intended to suggest factors and influences of which account has to be taken in any effort finally to determine the actual and relative positions of the parties at any given moment; and likewise the factors and influences which are continuously operating to change the positions of the parties. The main purpose of the Chart is to indicate that the problems of Industry constitute essentially studies in social dynamics. The Chart is also intended to emphasize the futility of expecting a solution of industrial problems by changes in the static structure of Industry other than such as are based upon principles which accord with some law sufficiently comprehensive to be part of an order underlying all human relations.

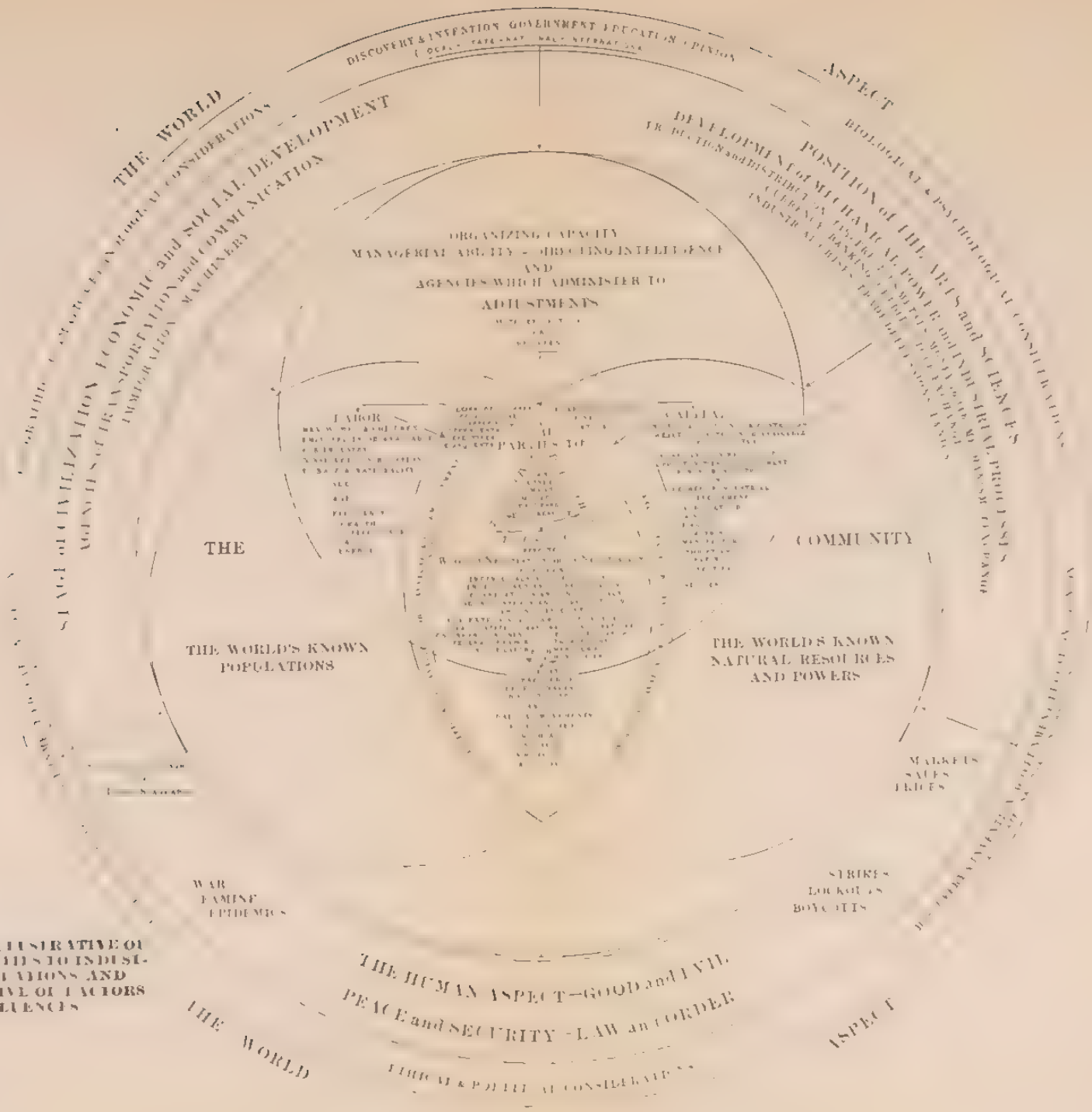


CHART ILLUSTRATIVE OF THE PARTIES TO INDUSTRIAL RELATIONS AND SUGGESTIVE OF FACTORS AND INFLUENCES

NO. IX

CHART ILLUSTRATIVE OF THE TERMS AND THE WORKING-OUT OF INDUSTRIAL AGREEMENTS, AND IMPORTANT CONTRIBUTING INFLUENCES

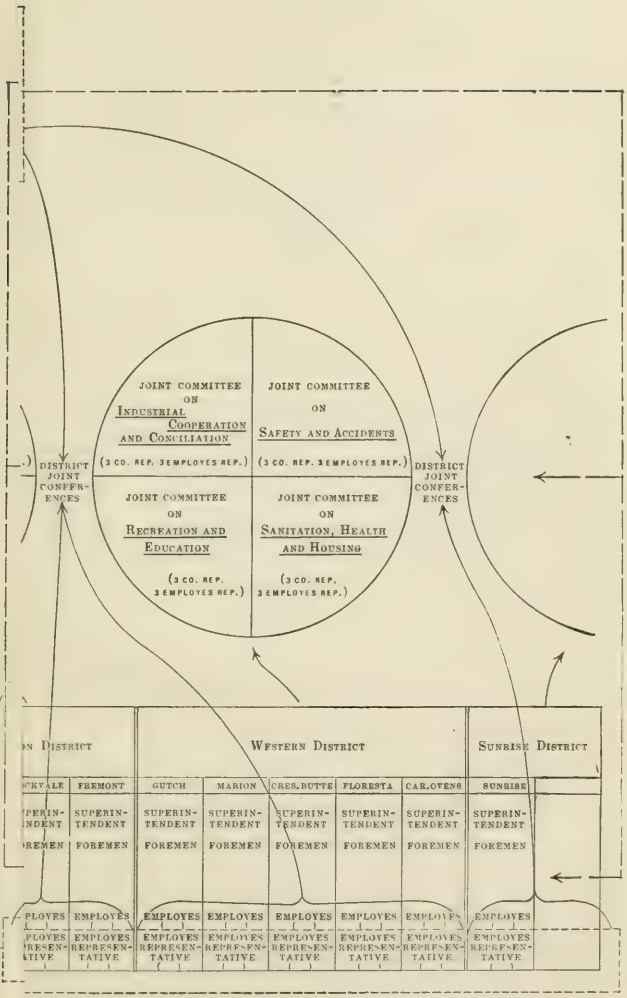
CHART No. IX is intended as supplementary to Chart No. VIII. To convey any adequate conception of the factors and influences of which account has to be taken in dealing with the problem of industrial relations as a whole, Charts Nos. VIII and IX would have to be studied together. Chart No. VIII relates primarily to the parties to Industry. Factors and influences affecting the parties to Industry affect also the terms, and the working-out of industrial agreements (expressed or implied) as regards individual industries and Industry as a whole. As respects the terms and working-out of agreements, there have developed in practice, methods of Industrial Peace, Industrial Remuneration, Industrial Organization, Industrial Training, methods of meeting Industrial Risks, methods of Industrial Betterment, and of Industrial Government, all of which, in their relation to the principles underlying the Law of Peace, Work, and Health, have a direct bearing upon progress or confusion in Industry.

The Chart is also intended to suggest something of the world and human aspects of the problems of Industry; and that the most important and significant of the concerns of Industry are those which relate to standards of living and labor standards. The Chart ought also to suggest that the fundamental problem in Industry is one of Government, and that that form of government alone is best which "doth actuate and dispose every part and member of Industry to the common good."

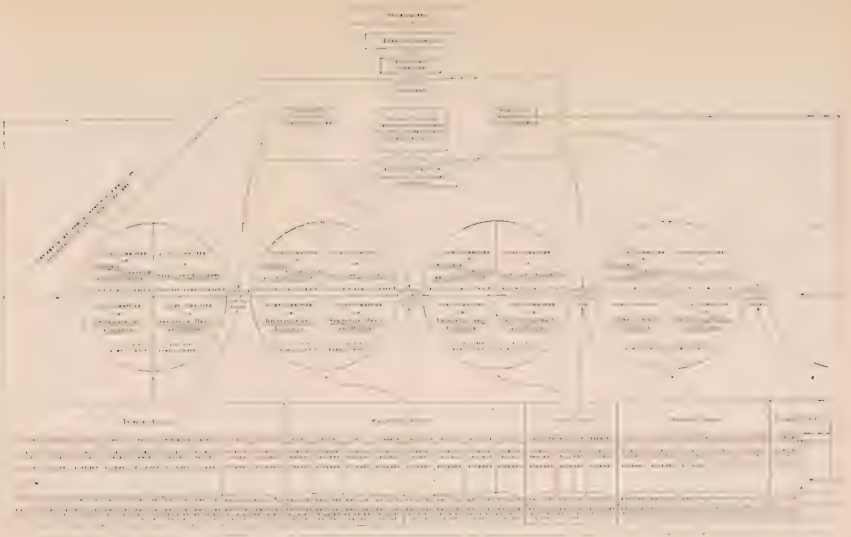


CHART ILLUSTRATIVE OF THE TERMS AND THE WORKING OUT OF INDUSTRIAL AGREEMENTS (IMPLIED OR EXPRESSED) AND IMPORTANT CONTRIBUTING INFLUENCES

PLAN OF INDUSTRIAL REPRESENTATION IN THE MINING CAMPS OF THE COLORADO FUEL AND IRON COMPANY IN COLORADO AND WYOMING


JOINT COMMITTEE ON INDUSTRIAL COOPERATION AND CONCILIATION
(3 CO. REP. 3 EMPLOYES REP.)
JOINT COMMITTEE ON SAFETY AND ACCIDENTS
(3 CO. REP. 3 EMPLOYES REP.)
JOINT COMMITTEE ON RECREATION AND EDUCATION
(3 CO. REP. 3 EMPLOYES REP.)
JOINT COMMITTEE ON SANITATION, HEALTH AND HOUSING
(3 CO. REP. 3 EMPLOYES REP.)
DISTRICT JOINT CONFERENCES
DISTRICT JOINT CONFERENCES
ON DISTRICT
WESTERN DISTRICT
SUNRISE DISTRICT
CKVALE
FREMONT
GUTCH
MARION
CRES.BUTTE
FLORESTA
CAR.OVENS
SUNRISE
SUPERINTENDENT
FOREMEN
EMPLOYES REPRESENTATIVE

XY



PLAN OF INDUSTRIAL REPRESENTATION IN THE
MINING CAMPS OF THE COLORADO FUEL AND IRON COMPANY
IN COLORADO AND WYOMING.

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